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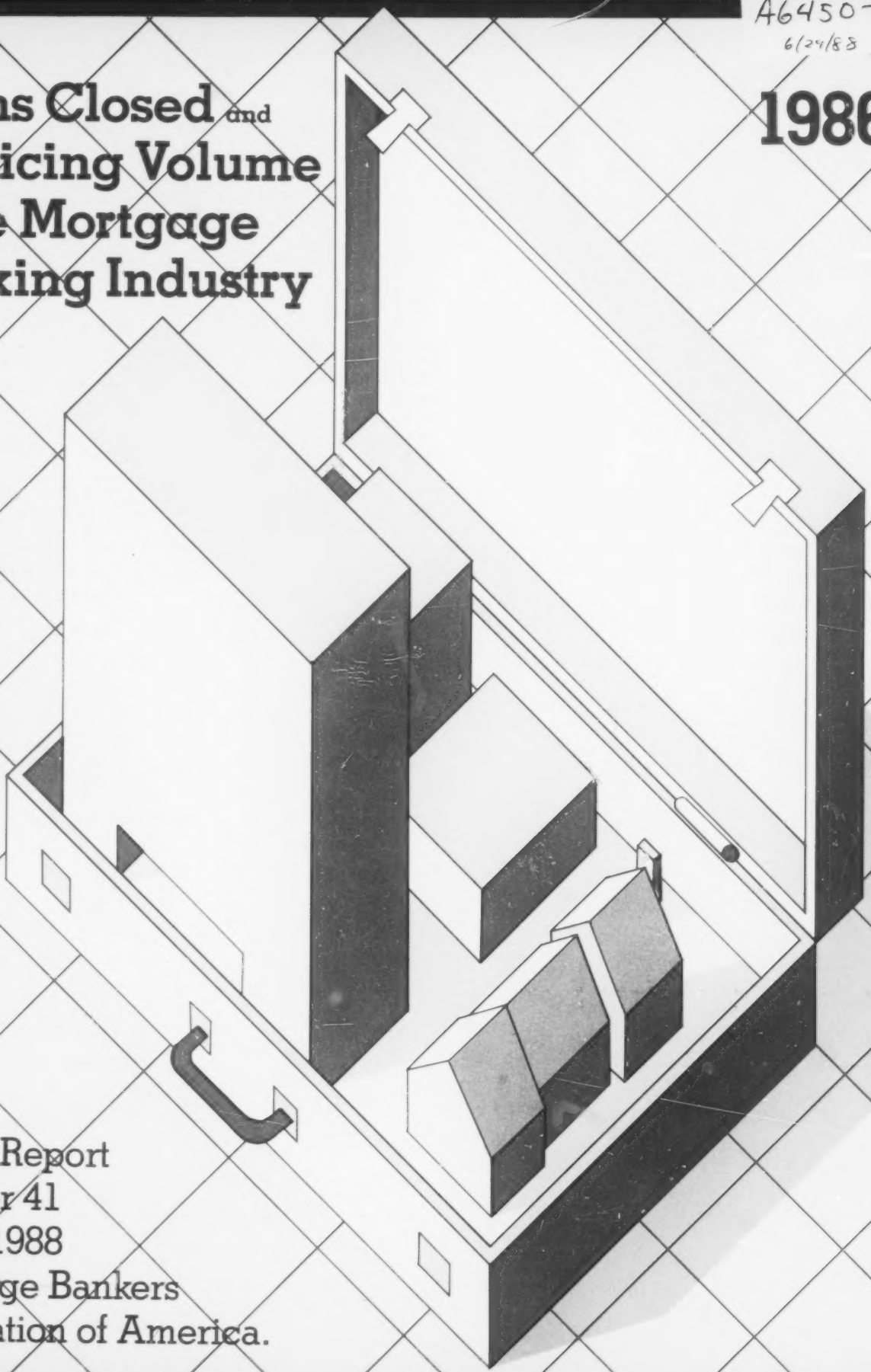
Loans Closed and Servicing Volume for the Mortgage Banking Industry

1986



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PREFACE

This edition of Loans Closed and Servicing Volume, which reports on mortgage banker origination and servicing activity for 1986, is based on a comprehensive annual survey of the members of the Mortgage Bankers Association of America. The data are statistically expanded to produce estimates for the entire industry.

Led by increases in residential fixed investment and consumer spending, the economy expanded for the fourth consecutive year in 1986. Accompanying this growth was an almost uninterrupted downward movement in interest rates. By late in the year, interest rates on conventional 30-year fixed-rate mortgages had reached the single-digit level for the first time since 1978. In turn, this drop in interest rates fostered a marked increase in housing activity. In 1986, both housing starts and sales registered strong gains, and loan refinancing volume skyrocketed. As a result, mortgage originations reached record levels. For the year, total mortgage lending volume increased by 59 percent to $654 billion.

Mortgage bankers were again quite active in the mortgage market in 1986. For the year, their origination volume rose by 51 percent to a record $147 billion. However, with the percentage increase in total origination volume slightly higher, the share of the mortgage market held by mortgage bankers slipped a bit to 23 percent.

Mortgage bankers one-to four-unit origination volume rose by 58 percent, from $76½ billion in 1985 to $121 billion in 1986. For the year, mortgage bankers remained firmly entrenched as the number two lender in the one-to four-unit market, with their market share equalling 27 percent. Within the single-family area, the most significant developments were the deluge of refinancings, which represented 40–45 percent of all one-to four-unit originations, and the pronounced shift in preference to fixed-rate loans, the bread and butter of the mortgage banker. Combined FHA-insured and VA-guaranteed lending doubled, rising from $35 billion in 1985 to $70 billion in 1986. For the year, mortgage bankers controlled 84 percent of the FHA/VA market. In addition, while mortgage bankers continued to increase their involvement in the conventional loan market, the percentage of loans closed by mortgage bankers with adjustable rates fell significantly. In 1986, conventional lending by mortgage bankers rose by 22½ percent, to $51 billion, with nearly 90 percent of these loans having fixed rates.

In the income property market, despite the well publicized problems of pending tax reform and high vacancy rates, origination volume by mortgage bankers increased to $26 billion, or by 23 percent. Multifamily lending rose by 14 percent to $9 billion, but the share of this market held by mortgage bankers fell to 17 percent. In the nonresidential market, lending volume increased by 29 percent, to $17 billion. The share of the nonresidential market controlled by mortgage bankers in 1986 was 11 percent.

In 1986, the servicing portfolios of mortgage bankers rose by 19 percent to $677 billion. Once again the bulk of the gain occurred in the one-to four-unit residential area. In six of the past seven years, mortgage banker servicing of single-family mortgages has risen by a minimum of 18 percent, and even in the one year that was the exception, 1981, it still increased by 9 percent. But, an increase in the dollar volume of income property loans serviced also contributed to the growth of the mortgage bankers servicing portfolio.

This report should be of interest to mortgage banking companies as well as others involved in real estate finance. We appreciate the cooperation of all the firms that contributed their time and effort to the survey.

This report was prepared by the Economics Department under the supervision of Lyle E. Gramley, Senior Staff Vice President and Chief Economist. The analysis was developed and written by Robert Rosenblatt, Economist. The data were collected and prepared by Ms. Laura Gorman, Surveys Supervisor, with the help of Survey Analysts Ms. Shirley Davis and Mr. Carlos Davila. Ms. Dianne Shearin also contributed to the preparation of this document.

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MORTGAGE FINANCE

The economy experienced its fourth consecutive year of expansion in 1986. Led by increases in personal consumption expenditures and residential fixed investments, real GNP increased by 2.2 percent from the fourth quarter of 1985 to the fourth quarter of 1986. In addition, inflation as measured by the consumer price index rose only 1.2 percent during this same period. This is the smallest increase in consumer prices in 25 years. Moreover, encouraged by the easing actions of the Federal Reserve Board, interest rates, which had begun falling fairly rapidly during the latter half of 1985, continued to decline throughout the year. By December 1986, contract rates on conventional fixed-rate mortgages had dipped below 10 percent for the first time since 1978.

The economic conditions that prevailed during the year proved to be quite beneficial to the mortgage lending industry. For instance, after declining slightly in 1985, one- to four-unit housing starts rose by 8 percent in 1986, with all of the increase occurring in the single-unit area. Moreover, with the plunge in mortgage rates more than offsetting the rise in home prices, affordability conditions improved dramatically. In turn, sales of new and existing homes rose by 9 percent and 11 percent, respectively during the year. In addition, with mortgage rates at their low point of the 1980's, loan refinancing volume skyrocketed during 1986.

This combination of rising sales levels and surging refinancing volume caused mortgage originations to reach record levels in 1986. For the year, total long-term mortgage originations amounted to $654 billion, an increase of 59 percent over the 1985 lending level of $411 billion, which was the previous all-time high. More specifically, lending volume in the one- to four-unit market rose by 71 percent to $444 billion, with much of the increase concentrated in fixed-rate loans. In the income property area, origination volume increased by 39 percent to $210 billion.

Mortgage lending activity at almost all the major lending institutions reached record proportions in 1986. The institutional groups that experienced the fastest growth in total lending volume were commercial banks and mutual savings banks. Commercial banks, flush with investable funds, increased their origination volume by 86 percent to $196 billion. Origination activity at mutual savings banks rose by 78 percent to $17 billion. Mortgage companies experienced a 51 percent increase in lending activity in 1986, and for the year, their origination volume rose to $147 billion. The dollar volume of loans closed at savings and loans rose by 50 percent in 1986, to $218 billion. Life insurance companies originated a total of $37 billion, a 34 percent increase over the prior year's level. Federal credit agencies, whose presence in the primary mortgage market is diminishing each year, were the only major lender group to report declining origination volume in 1986.

The plunge in interest rates, which spurred the jump in home sales and the surge in refinancing volume, had its greatest impact on the one- to four-unit lending market. For the year, origination volume in the single-family area, (i.e. one- to four-unit), rose by 71 percent to a record $444 billion, with refinancing activity representing an unprecedented 40–45 percent of the total. In 1985, refinancings accounted for only 10–12 percent of total origination activity. At commercial banks, much of the newly acquired funds noted above were channeled into the single-family market. In 1986, origination volume at commercial banks more than doubled, rising to $108 billion. The thrift industry also increased its involvement in the single-family market. In 1986, originations by savings and loans rose by 61 percent to $176 billion, while lending activity at mutual savings banks jumped 88 percent to $31 billion. Mortgage companies, the major beneficiaries of the borrowers tilt toward fixed-rate loans, originated a total of $121 billion, a 58 percent increase over 1985. Origination volume at life insurance companies, while nearly tripling, remained a minor part of the single-family residential market in 1986.

1986: ONE- TO FOUR-UNIT ORIGINATIONS

	Dollar Volume (000,000)	Percent Change from 1985
Mortgage Companies	$121,098	58.4 %
Commercial Banks	107,608	108.2
Savings and Loans	176,073	61.1
Mutual Savings Banks	31,108	88.0
Life Insurance Companies	3,814	192.0
Federal Credit Agencies	2,676	(15.2)
All Other	1,142	(25.6)
Total	443,519	70.6

MARKET SHARE

Due to the broad nature of this surge in mortgage lending volume, there were only modest shifts in market share among the major lending institutions during 1986. Gains in market share were achieved by only two lender groups, commercial banks and mutual savings banks, with the former industry being the only one to record a substantial increase. After hovering in the 24 to 26 percent range for the past three years, commercial banks increased their share of the mortgage lending market by more than four percentage points, to reach a 30 percent market share. Similarly, mutual savings banks, with their nearly 80 percent jump in origination volume also increased their market share, but due to their much smaller origination total the gain in market share came to only one percentage point. For the year, mutual savings banks captured six percent of the origination market.

The increased market penetration by these two lender groups came at the expense of savings and loans, mortgage companies, and life insurance companies. The savings and loan industry's emphasis on ARM production,

combined with the general shift in consumer preferences to fixed-rate loans, resulted in a two percentage point decline in market share for this lender group. For the year, the share of the market held by savings and loans amounted to 33 percent. While still controlling the largest share of the market, this percentage is well below the level this industry has maintained in recent years. The share of the market held by mortgage companies and life insurance companies each fell by about one percentage point. These declines left the former controlling 23 percent of the market, and the latter with a six percent market share. The outright decline in origination volume by federal credit agencies in 1986 resulted in a drop in their market share to under one percent.

The shifts in market share in the one- to four-unit residential market essentially mirrored developments in the mortgage market as a whole. For instance, analogous to their increase in overall market penetration, commercial banks recorded the largest change in the one- to four-unit area, raising their share of the single-family market by more than four percentage points to 24 percent. Mutual savings banks increased their share by nearly one percentage point to reach seven percent of the market. The share of the single-family market held by the savings and loan industry declined for the second consecutive year, this time by more than two percentage points, to 40 percent. Although mortgage companies still remain firmly entrenched as the number two lender in the single-family market, their share of this market did decline by two percentage points in 1986. For the year, mortgage companies controlled 27 percent of the one- to four-unit residential market.

1986: ONE- TO FOUR-UNIT ORIGINATIONS

	Market Share (%)	Percentage Point Change From 1985
Mortgage Companies	27.3	(2.1)
Commercial Banks	24.3	4.4
Savings and Loans	39.7	(2.3)
Mutual Savings Banks	7.0	0.6
Life Insurance Companies	0.9	0.4
Federal Credit Agencies	0.6	(0.6)
All Other	0.3	(0.3)
Total	100.0	--

INCOME PROPERTY

Unlike the single-family area, where both construction and origination activity increased, only origination volume rose during 1986 in the income property market. Evidence of the weakness in income property construction can be found in several areas. For instance, multifamily housing starts declined by 25 percent during the year, and the value of nonresidential construction put in place in real terms fell by six percent. In addition, construction contracts for commercial and industrial buildings, measured in millions of square feet of floor space, declined 11 percent during the year. These declines were basically caused by high vacancy rates for rental housing and commercial and industrial property and impending tax reform, which has subsequently been adopted. As anticipated, this legislation has greatly reduced the attractiveness of investing in income property. In addition, due to overbuilding and regional economic downturns, certain areas of the country, such as the Southwest, are experiencing extremely high vacancy rates.

Despite these difficulties, however, origination volume, as noted above, did rise significantly in the income property market in 1986. For the year, lending volume in this market amounted to $210 billion, an increase of 39 percent. This increase reflects purchase originations for both new and existing income properties and rising refinancing volume. Specifically, both segments of this market reported increases in 1986. In the multifamily area, origination activity increased by 33 percent to $52 billion, and in the nonresidential sector origination volume equalled $159 billion, an increase of 41 percent. Although there were no changes in the relative positions held by the major lender groups as a result of these increases, there were some noticeable shifts in market share within the two income property markets.

Multifamily

In the multifamily sector, almost all of the major lending groups reported significant increases in origination activity in 1986. The savings and loan industry continued to dominate the multifamily lending market, increasing their origination volume by 27 percent, to move from $16 billion in 1985 to $20 billion in 1986. This increase was concentrated almost exclusively in conventional lending, and for the year savings and loans accounted for nearly half of the rise in overall conventional multifamily originations. Mortgage companies were also quite active in the multifamily area. Their origination volume equalled $9 billion in 1986, 14 percent above last year's strong performance. Continuing their recent trend of increased involvement in residential lending, commercial banks recorded the largest percentage increase in multifamily originations in 1986. For the year, origination volume for this lender group rose by 37 percent to $7 billion. Origination activity at life insurance companies and mutual savings banks each rose by approximately $1 billion, to reach $4 billion and $3 billion, respectively.

In spite of these increases, no major lender group registered more than a marginal increase in market share in 1986. This is because, surprisingly, a group of lesser known lending institutions not usually associated with the multifamily lending market became quite active in this area during 1986. For the year, this so called "other" group, which includes pension funds, state and local retirement funds and credit agencies, mortgage-backed conduits, and mortgage pools, increased their origination volume by 127 percent, to almost $8 billion. This surge in lending volume allowed this group to increase its market share by six percentage points to 15 percent. With this group of "other" lending institutions capturing a larger than usual proportion of the market, the shares controlled by the major lender groups either remained

the same or actually declined. The increased market penetration by this "other" group was felt most keenly by savings and loans and mortgage companies. The share of the market held by the savings and loan industry fell by two percentage points to 38 percent, while at mortgage companies it dropped three percentage points to 17 percent. Despite these declines, savings and loans and mortgage companies remained solidly entrenched as the number one and two lenders in the multifamily market. The three other major lender groups reported basically no change in market share during 1986. For the year, commercial banks held 13 percent of the multifamily market, life insurance companies controlled seven percent, and mutual savings banks retained a six percent market share. The slight decline in multifamily origination volume by federal credit agencies during 1986, resulted in a two percentage point drop in market share, to three percent.

1986: MULTIFAMILY ORIGINATIONS

	Market Share (%)	Percentage Point Change From 1985
Mortgage Companies	17.4	(2.9)
Commercial Banks	13.1	0.4
Savings and Loans	38.3	(1.7)
Mutual Savings Banks	5.6	(0.3)
Life Insurance Companies	7.2	0.1
Federal Credit Agencies	3.4	(1.7)
All Other	15.0	6.2
Total	100.0	---

Nonresidential

In the nonresidential sector, origination volume increased by 41 percent, from $112 billion in 1985 to $159 billion in 1986. As they have in the past, commercial banks again dominated this lending market in 1986, increasing their origination volume by 66½ percent, to $82 billion. This surge, which accounted for approximately 70 percent of the total increase in nonresidential lending, allowed commercial banks to increase their share of this market by eight percentage points. In turn, this jump in market share meant that in 1986, the commercial banking industry controlled more than half of the nonresidential lending market. Mutual savings banks experienced a 64 percent rise in origination volume in 1986. However, because they are fairly small participants in this lending market, this jump translated into only a marginal increase in market share.

The increases in nonresidential origination volume by the other major lender groups were essentially overwhelmed by the jump in lending volume at commercial banks. The net result of these changes was that the share of the market held by each of these lenders declined in 1986. For instance, nonresidential lending by mortgage companies rose by 29 percent, to $17 billion, and at life insurance companies it increased by 25 percent, to $30 billion. But, the share of the nonresidential market held by these two groups each declined by approximately three percentage points, to 11 percent and 19 percent, respectively. Furthermore, with only an 8 percent rise in origination volume, the share of this market controlled by the savings and loan industry fell by four percentage points to 14 percent. This sharp decline caused the share of the nonresidential market held by savings and loans to fall below the level it maintained during the last recession in 1982.

1986: NONRESIDENTIAL ORIGINATIONS

	Market Share (%)	Percentage Point Change From 1985
Mortgage Companies	11.0	(2.9)
Commercial Banks	51.7	7.9
Savings and Loans	14.0	(4.2)
Mutual Savings Banks	3.2	0.4
Life Insurance Companies	18.8	(2.6)
Federal Credit Agencies	0.3	(0.3)
All Other	1.1	(0.2)
Total	100.0	---

MORTGAGE BANKER LOAN ORIGINATIONS

Mortgage banking companies experienced tremendous growth in origination volume during 1986. The sharp decline in mortgage rates over the course of the year proved to be very conducive to high levels of origination activity at many mortgage banking establishments. The shift in borrower preference to fixed-rate loans, the bread and butter of the mortgage banker, combined with the huge surge in refinancing activity, resulted in a 51 percent increase in lending volume at mortgage companies, to $147 billion. However, with the total origination market expanding by 71 percent, this jump in loan production was not large enough to avoid a decline in overall market share for the mortgage banking industry. In 1986, the percent of the market controlled by mortgage companies fell by about one percentage point, to 23 percent. This loss of market share, however, did not hamper profitability. According to the 1986 edition of the Mortgage Bankers Association's *Financial Statements and Operating Ratios* report, the increases in lending volume were accompanied by a significant rise in total income for most mortgage companies. Moreover, due to increases in productivity, expenses increased by a smaller amount, boosting the average profit margin for the first time since 1983. Also, in another measure of profitability, the combination of improved profit margins and higher leverage resulted in an increase in the return on equity.

Accompanying this rise in origination volume were some shifts in the types of loans originated by mortgage companies. For instance, with sharply lower interest rates greatly increasing the demand for home mortgages, the single-family sector accounted for a much higher percentage of total lending volume. In 1986, one- to four-unit originations equalled $121 billion, which represented 82 percent of all mortgage banker lending activity, four percentage points higher than the previous year's figure. Much of this increase can be attributed to unprecedented levels of refinancing activity. In 1986, loan refinancings

represented 40–45 percent of all one- to four-unit originations.

Moreover, given the apprehension concerning the impending tax legislation, plus the high vacancy rates for income producing property in many parts of the country, mortgage companies tended to devote less capital to income property lending. As a percent of total lending volume, both multifamily and nonresidential originations fell by two percentage points in 1986. These declines meant that the multifamily sector accounted for 6 percent of total mortgage banker originations, while nonresidential lending represented 12 percent. In dollar volume terms, multifamily originations at mortgage companies equalled $9 billion, and nonresidential originations amounted to $17 billion.

1986: MORTGAGE BANKER ORIGINATIONS

	Dollar Volume (000,000)	Percent Change From 1985 (%)	Percent Distribution (%)	Percentage Point Change From 1985
1–4 Unit	$121,098	58.3	82.1	3.9
Multiunit	9,035	14.3	6.1	(2.0)
Nonresidential	17,312	28.8	11.8	(2.0)
Total	147,445	50.7	100.0	---

One- to four-unit

In the single-family market, the drop in interest rates caused prospective homebuyers as well as current owners interested in refinancing to turn away from adjustable rate mortgages and focus their attention on fixed-rate products. In addition to lower interest rates, and the borrowers revealed preference for fixed-rate loans, the tightening of underwriting standards by the secondary market institutions also reduced the ability of lenders to offer enticing "teaser rates" on adjustable rate loans, thereby making them less competitive.

This shift in borrower preferences resulted in a marked pick-up in the origination of government-backed loans, and in a swing within the conventional market from adjustable to fixed-rate loans. Combined FHA-insured and VA-guaranteed lending surged to $70 billion, dwarfing the previous year's figure of $35 billion. For the year, mortgage companies controlled 84 percent of the FHA/VA market, three percentage points higher than in 1985. Separately, FHA-insured lending more than doubled, rising from $23 billion in 1985 to $48 billion in 1986, and VA-guaranteed loan originations increased by 85 percent to $23 billion. These huge jumps meant that in 1986, government-backed loan originations accounted for 58 percent of the mortgage banking industry's single-family lending volume, substantially higher than the previous year's figure of 46 percent. Individually, FHA originations represented 39 percent of the mortgage companies one- to four-unit lending activity, while VA loan closings made up 19 percent. Furthermore, this increase in government backed originations meant that mortgage companies accounted for 84 percent of all FHA lending and 83 percent of all VA loan closings in 1986. It should be noted that FHA/VA originations would have accounted for an even larger proportion of total originations, but the average size FHA/VA loan closed in 1986 rose by only 4 percent, while the average size conventional loan closed rose by 11½ percent.

Evidence of the borrowers tilt toward fixed-rate loans can also be found in the conventional lending market. For all lenders, the percentage of conventional loans closed with adjustable rates fell from 50 percent in 1985 to 31 percent in 1986. For mortgage companies in particular, the percentage of conventional loans closed with adjustable rates fell by 75 percent. In 1986, adjustable rate originations by mortgage companies represented only 11 percent of their conventional lending compared to 44 percent the previous year. Thus, while the economic climate in 1986 spurred this movement to fixed-rate products at all lending institutions, this tendency seemed most pronounced at mortgage companies. For the year, 95 percent of all one- to four-unit originations by mortgage companies had fixed-rates. This compares to 76 percent in 1985.

Although overshadowed by the huge increases in FHA/VA origination volume, and by the shifts in the types of loans closed within the conventional market, the increase in conventional lending volume should not be overlooked. For the year, single-family conventional loan originations by mortgage companies rose by 23 percent, to $51 billion. Despite this increase however, conventional originations only represented 41 percent of all single-family lending by mortgage companies in 1986, after accounting for over 50 percent in each of the past two years. Moreover, this slowdown in the rate of growth meant that mortgage companies held only 14 percent of the total conventional loan market in 1986, compared to 19 percent the previous year.

1986: MORTGAGE BANKERS ONE- TO FOUR-UNIT ORIGINATIONS

	Dollar Volume (000,000)	Percent Change From 1985 (%)	Percent Distribution (%)	Percentage Point Change From 1985
1–4 Unit	$121,098	58.3	100.0	---
FHA	47,750	108.5	39.4	9.5
VA	22,722	85.4	18.8	2.8
Conventional	50,626	22.5	41.8	(12.2)

Income property

In the income property area, both market segments reported increases in origination volume in 1986. However, due to the well publicized twin problems noted previously—pending tax reform and high vacancy rates—the magnitude of these increases was not nearly as large as those found in the single-family market. Specifically, multifamily lending by mortgage companies rose by 14 percent to $9 billion. Almost all of this increase was in the form of FHA loans. As was the case in the single-

family market, this concentration was principally due to the sharp drop in mortgage rates, which made fixed-rate loans extremely appealing to investors. Nonetheless, the share of the multifamily market held by mortgage companies fell by nearly three percentage points to 17 percent. In the nonresidential market, lending volume by mortgage companies rose by 29 percent, from $13½ billion in 1985 to $17 billion in 1986. However, this increase was not large enough to offset the gains made by commercial banks. Thus, in 1986, the share of the nonresidential lending market controlled by the mortgage banking industry declined by one percentage point to 11 percent.

Lending by mortgage bankers in areas other than first mortgages declined by 34 percent in 1986, dipping to $5 billion for the first time since 1976. Much of this decline may be due to increased competition from other lender groups, lured into the nonfirst mortgage area by pending tax reform. Nonfirst mortgage loans include construction loans, land development loans, second mortgage loans, and a catch all "other" category. Three of these categories reported declines in 1986. Construction lending by mortgage companies fell by 20 percent, to about $4 billion, and mortgage banker originations of second mortgages declined by 18 percent to $800 million. The largest drop was recorded by the "other" category. In 1986, mortgage banker origination of these "other" loans fell by 91 percent, from $1.7 billion to $150 million. Land development loans were the one area where mortgage bankers increased their nonfirst mortgage lending in 1986. For the year, originations of these loans rose by 10 percent to $250 million.

MORTGAGE BANKER SOURCES OF FUNDS

The overall increase in mortgage originations in 1986, and the pronounced shift back to fixed-rate lending that occurred in the single-family residential market, can be seen quite clearly in the mortgage bankers' pattern of loan placement. For instance, in 1986, approximately half of the loans originated by mortgage bankers were placed, in some form—either sold as an individual whole loans or pooled into mortgage-backed securities—with a secondary market agency. This compares with 39 percent in 1985. The Federal Home Loan Mortgage Corporation (FHLMC), recorded the largest increase in purchases in 1986. After buying almost nothing from mortgage bankers in the early 1980's, sales to FHLMC more than tripled in 1986. For the year, mortgage banker loan sales to FHLMC amounted to $17 billion, or 11 percent of all mortgage banker originations. In 1985, mortgage bankers sold only four percent of their loans to FHLMC. Mortgage bankers' sales to the Federal National Mortgage Association (FNMA) rose by 120 percent, from $8½ billion to $19 billion. This increase in purchases meant that in 1986, sales to FNMA represented 13 percent of all mortgage banker originations. In 1985, FNMA purchased nine percent of all mortgage banker originations. The surge in FHA/VA lending activity that occurred in 1986 translated into a 68½ percent increase in the volume of originations that mortgage bankers pooled into Government National Mortgage Association (GNMA) guaranteed mortgage-backed securities. In 1986, $42½ billion or 29 percent of all mortgage banker originations were placed with GNMA, compared with $25 billion or 26 percent the year before.

Life insurance companies were the only other group to increase their purchases of mortgage banker originations in 1986. For the year, life insurance companies raised their purchase total by 55 percent, from $12½ billion to $19 billion. However, due to the increases by the secondary market agencies, purchases by life insurance companies still only represented 13 percent of all mortgage banker originations in 1986, the same figure as the previous year.

1986: MORTGAGE BANKERS' LOANS ORIGINATED BY PURCHASING INVESTOR

	Dollar Volume (000,000)	Percent Change From 1985 (%)	Percent Distribution (%)	Percentage Point Change From 1985
Life Insurance Companies	$ 19,200	54.5	13.0	0.3
Thrift Institutions	7,218	(27.7)	4.9	(5.3)
Commercial Banks	7,142	(37.6)	4.8	(6.9)
FNMA	18,755	120.3	12.7	4.0
FHLMC	16,620	319.2	11.3	7.2
GNMA	42,549	68.5	28.9	3.1
State Finance Agencies	1,929	(48.1)	1.3	2.5
Committed Inventory[1]	19,364	45.1	13.1	(0.5)
Uncommitted Inventory[2]	3,313	(19.4)	2.2	(2.0)
Others	11,355	122.9	7.7	2.5
Total	147,445	50.7	100.0	---

[1]Committed inventory means loans held in inventory with a purchase commitment from an investor whose type was not specified in the survey response.

[2]Uncommitted inventory means loans held in inventory without a purchase commitment from an investor.

The other three institutional groups, thrifts, commercial banks, and state finance agencies, all curtailed their purchases of mortgage banker originations in 1986. The sharp drop in adjustable rate mortgage originations by mortgage bankers resulted in a 28 percent decline, to $7 billion, in loan sales to thrift institutions. This is the second consecutive year that purchases by the thrift industry have declined. In 1986, purchases by thrifts amounted to only five percent of all mortgage banker originations, after accounting for 10 percent in 1985 and 15 percent in 1984. Mortgage banker sales to commercial banks declined by 38 percent in 1986. For the year, sales to commercial banks amounted to $7 billion, compared with $11½ billion in 1985. The 1986 total represented five percent of all mortgage banker originations, while the 1985 figure equalled 12 percent. One possible explanation for the decline in purchases of mortgage banker originations by these two groups of lending institutions could be the surge in their own origination volume, much of which may have been retained for their own portfolios. Purchases by state finance agencies fell by 48 percent, to $2 billion.

MORTGAGE SERVICING BY MORTGAGE BANKERS

The servicing portfolios of mortgage bankers rose by $107 billion in 1986, to $677 billion. Accompanying this 19 percent increase were several trends that carried over from prior years. For instance, similar to previous years, approximately 75 percent of the total servicing portfolio was being serviced by the larger mortgage banking establishments, i.e. their servicing portfolio at the end of the year was $1.2 billion or greater. Moreover, once again the bulk of the gain occurred in the single-family residential area. In six of the past seven years, mortgage banker servicing of one- to four-unit mortgages has risen by a minimum of 18 percent, and even in the one year that was the exception, 1981, it still increased by nine percent. However, in 1986, an increase in the dollar volume of income property loans serviced also contributed to the growth of the mortgage bankers servicing portfolio.

In 1986, as in the previous year, servicing of single-family loans accounted for 80 percent of the total servicing portfolio. For the year, single-family loan servicing by mortgage bankers rose by 18 percent to $541 billion, with virtually all of the $82 billion increase concentrated in conventional and FHA-insured loans. Specifically, mortgage banker servicing of single-family conventional loans rose by 22 percent to $260 billion. This increase meant that in 1986, conventional loans represented 48 percent of the single-family portfolio, and nearly 38½ percent of the mortgage bankers total servicing portfolio. Servicing of FHA-insured loans rose by 25 percent, from $135½ billion in 1985 to $170 billion in 1986. As a result of this increase, FHA-insured loans comprised 31 percent of the mortgage bankers single-family servicing portfolio and 25 percent of the total in 1986. Surprisingly, given the surge in VA originations in 1986, the servicing of VA-guaranteed loans by mortgage bankers rose only 2 percent, to $111 billion. In percentage terms, the servicing of VA loans represented 20½ percent of the mortgage bankers single-family portfolio and 16 percent of the overall servicing total.

In the income property field, mortgage banker servicing of multifamily mortgages rose by 14 percent to $56 billion in 1986. The increase was concentrated exclusively in the servicing of multiunit FHA loans, which rose by 60 percent, to $28 billion. Mortgage banker servicing of conventional multiunit loans actually declined by 11½ percent in 1986, to $28½ billion. The mortgage banker's nonresidential servicing portfolio increased by 30 percent, rising from $62 billion in 1985 to $80 billion in 1986. Overall, income property servicing represented 20 percent of the total mortgage banker servicing portfolio, with the multiunit sector accounting for about 8 percent, and nonresidential servicing making up the other 12 percent.

Due to the differing involvements of key lending institutions within the field of mortgage finance, the distribution of mortgages serviced by mortgage bankers continued to shift in 1986. For instance, while servicing

1986: MORTGAGE BANKERS' SERVICING BY PROPERTY AND LOAN TYPE

	Dollar Volume (000,000)	Percent Change From 1985 (%)	Percent Distribution (%)	Percentage Point Change From 1985
1–4 Unit Residential	$541.2	18.0	79.9	(0.6)
FHA	170.2	24.7	25.1	1.2
VA	110.9	2.1	16.4	(2.7)
Conventional	260.1	21.8	38.4	0.9
Multiunit	56.4	13.7	8.3	0.4
FHA	27.9	60.3	4.1	1.0
Conventional	28.5	(11.5)	4.2	(1.4)
Nonresidential	79.8	29.5	11.8	1.0
Total	677.4	18.8	100.0	---

for GNMA security holders remained the single largest type of servicing by mortgage bankers, rising by 19 percent in 1986 to $212 billion, the share of total servicing accounted for by GNMA mortgage pools remained unchanged. In 1986, the servicing of GNMA pools represented 31 percent of the mortgage bankers total portfolio. In dollar volume terms, mortgage banker servicing of loans for the Federal National Mortgage Association (FNMA) rose by 36 percent, from $67 billion in 1985 to $91 billion in 1986. As a result of this increase, loan servicing for FNMA increased by nearly two percentage points, to over 13 percent of the total mortgage banker servicing portfolio. Mortgage banker servicing for life insurance companies rose by 13 percent, to $77½ billion. But, with the overall value of the servicing portfolio rising by a larger amount, the proportion of loans serviced for life insurance companies declined slightly to 11 percent.

Mortgage banker servicing of loans for commercial banks, on the other hand, declined by 22 percent in 1986, from $63 billion to $49 billion. This is the first time in more than 10 years that mortgage banker servicing for commercial banks has fallen. For the year, mortgage banker servicing for commercial banks declined by four percentage points to only seven percent of the total servicing portfolio. Loan servicing for the savings and loans industry, after increasing steadily since 1982, fell by 13 percent in 1986, to $47 billion. As a result, the share of the mortgage bankers servicing portfolio represented by savings and loans declined by almost three percentage points to seven percent. Servicing by mortgage bankers for their own accounts declined by the largest percentage in 1986. For the year, mortgage banker servicing for themselves declined by 33 percent, to $29 billion. This means that in 1986, servicing for their own portfolios accounted for four percent of the mortgage bankers total.

The size of the average single-family residential loan serviced by mortgage companies rose by 9 percent in 1986, to reach $42,918. As was the case in 1985, much of the increase was due to a 12 percent increase in the average sized FHA-insured loan serviced. It should be noted however, that the average sized VA-guaranteed and conventional loan serviced increased as well. In 1986, the former rose by 9 percent to $38,744, and the latter increased by 6 percent to $50,558.

1986: MORTGAGE BANKERS' SERVICING BY INVESTOR

	Dollar Volume (000,000)	Percent Change From 1985 (%)	Percent Distribution (%)	Percentage Point Change From 1985
Life Insurance Companies	$ 77.5	13.0	11.4	(0.6)
Mutual Savings Banks	24.3	14.6	3.6	(0.1)
Savings & Loans	47.4	(13.2)	7.0	(2.6)
Commercial Banks	49.1	(22.1)	7.2	(3.9)
FNMA	91.0	36.4	13.4	1.7
GNMA	212.1	19.3	31.3	0.1
State Finance Agencies	22.8	1.3	3.4	(0.5)
Others	124.4	136.5	18.4	9.2
Inventory, Serviced Own Account	28.7	(33.1)	4.2	3.3
Total	677.4	18.8	100.0	---

Mortgage Banker Loans Originated and Loans Serviced

One- to Four-Unit Residential Loans:

	Average Size Loan Originated (dollars)			Percent Change		
Loan Type	1986	1985	1984	1986–85	1985–84	1986–84
FHA	$62,044	$60,918	$56,707	1.85	7.43	9.41
VA	69,193	63,789	62,683	8.47	1.76	10.39
Conventional	81,622	73,211	69,426	11.49	5.45	17.57
All Single Family	70,477	67,533	65,231	4.36	3.53	8.04

	Average Size Loan Serviced (dollars)			Percent Change		
Loan Type	1986	1985	1984	1986–85	1985–84	1986–84
FHA	$36,974	$33,046	$29,434	11.89	12.27	25.62
VA	38,744	35,425	33,494	9.37	5.77	15.67
Conventional	50,558	47,734	46,025	5.92	3.70	9.84
All Single Family	42,918	39,302	36,172	9.20	8.65	18.65

Income Property Loans:

	Average Size Loan Originated (thousands of dollars)			Percent Change		
Multiunit	1986	1985	1984	1986–85	1985–84	1986–84
FHA	$4,042	$1,298	$1,818	211.40	(28.60)	122.33
Conventional	1,118	1,651	1,168	(32.28)	41.35	(4.28)
Nonresidential	2,771	2,021	1,598	37.11	26.47	73.40

	Average Size Loan Serviced (thousands of dollars)			Percent Change		
Multiunit	1986	1985	1984	1986–85	1985–84	1986–84
FHA	$520	$1,803	$2,165	(71.16)	(16.72)	(75.98)
Conventional	736	731	458	0.68	59.61	60.70
Nonresidential	895	697	752	28.41	(7.31)	(19.02)

MORTGAGE BANKERS' SHARE OF THE MARKET

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Table 1 **TOTAL MORTGAGE ORIGINATIONS BY INSTITUTION IN 1986**

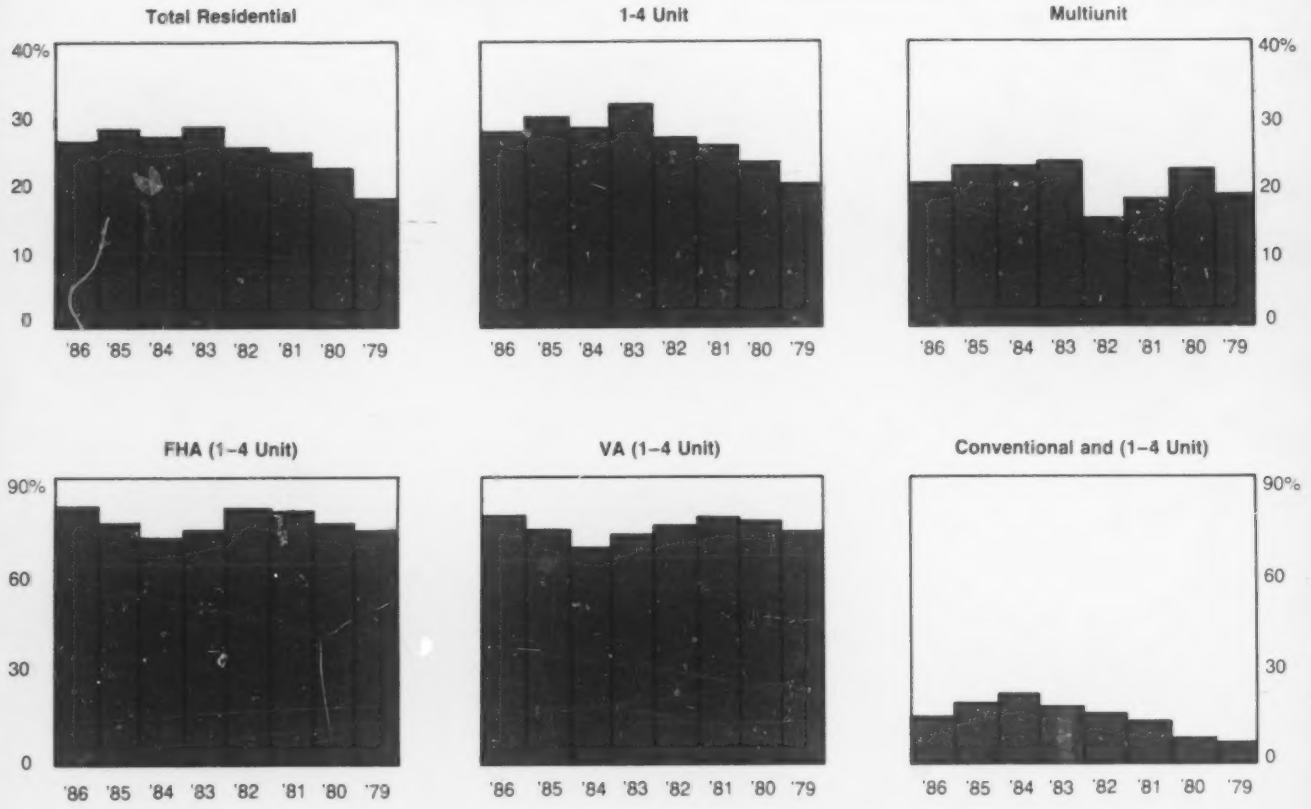
Property Type	Total	Mortgage Companies	Savings & Loans	Commercial Banks	Mutual Savings Banks	Life Insurance Companies	Federal Credit Agencies	All* Other
	(Dollars in Millions)							
Total Residential	**$495,359**	**$130,133**	**$195,950**	**$114,393**	**$34,000**	**$ 7,537**	**$4,415**	**$ 8,931**
1–4 Unit Residential	$443,519	$121,098	$176,073	$107,608	$31,108	$ 3,814	$2,676	$ 1,142
FHA	56,925	47,750	3,386	4,901	323	429	0	136
VA	27,349	22,722	1,485	2,790	148	189	0	15
Conventional	359,245	50,626	171,202	99,917	30,637	3,196	2,676	991
Multiunit	$ 51,840	$ 9,035	$ 19,877	$ 6,785	$ 2,892	$ 3,723	$1,739	$ 7,789
FHA	8,236	2,401	318	43	12	0	114	5,348
Conventional	43,104	6,634	19,559	6,742	2,880	3,723	1,625	1,941
Nonresidential	$158,655	$ 17,312	$ 22,168	$ 81,982	$ 5,138	$29,906	$ 480	$ 1,669
Total	**$654,014**	**$147,445**	**$218,118**	**$196,375**	**$39,138**	**$37,443**	**$4,895**	**$10,600**
	(Percentages)							
Total Residential	**100.0%**	**26.3%**	**39.6%**	**23.1%**	**6.9%**	**1.5%**	**0.9%**	**1.8%**
1–4 Unit Residential	100.0%	27.3	39.7	24.3	7.0	0.9	0.6	0.2
FHA	100.0%	83.9	5.9	8.6	0.6	0.8	0.0	0.2
VA	100.0%	83.1	5.4	10.2	0.5	0.7	0.0	0.1
Conventional	100.0%	14.1	47.7	27.8	8.5	0.9	0.7	0.3
Multiunit	100.0%	17.4	38.3	13.1	5.6	7.2	3.4	15.0
FHA	100.0%	29.1	3.9	0.5	0.1	0.0	1.4	64.9
Conventional	100.0%	15.4	45.4	15.6	6.7	8.6	3.8	4.5
Nonresidential	100.0%	10.9	13.9	51.7	3.2	18.8	0.3	1.0
Total	**100.0%**	**22.5%**	**33.4%**	**30.0%**	**6.0%**	**5.7%**	**0.7%**	**1.6%**

MBA estimates. Source adapted from: U.S. Department of Housing and Urban Development, Annual Report on National Housing Goals and Gross Mortgage Flows Data.

*All Other includes—Pension Funds, Mortgage-Backed Conduits, State & Local Retirement Funds, Mortgage Pools, and State & Local Credit Agencies.

ORIGINATIONS BY MORTGAGE BANKERS AS A PERCENT OF ORIGINATIONS BY SIX MAJOR LENDING INSTITUTIONS, 1979–1986

Chart 2



ORIGINATIONS BY MORTGAGE BANKERS AS A PERCENT OF ORIGINATIONS BY SIX MAJOR LENDING INSTITUTIONS,* 1979–1986

Table 2

Property and Type of Loan	1986	1985	1984	1983	1982	1981	1980	1979
Total Residential	**26.8%**	**28.7%**	**27.0%**	**29.7%**	**25.7%**	**25.6%**	**23.5%**	**19.1%**
1–4 Unit Residential	27.4	29.6	27.6	30.5	27.0	26.5	23.7	19.3
FHA	84.1	82.2	76.3	79.2	84.6	84.0	82.6	79.4
VA	83.1	78.9	71.2	75.7	78.3	81.2	80.3	77.7
Conventional	14.1	19.2	20.4	16.2	14.6	14.1	8.9	7.0
Multiunit	20.5	22.2	22.3	22.7	14.8	17.4	21.0	17.3

*Six institutional mortgage originators are the following: Mortgage Bankers, Savings & Loan Associations, Commercial Banks, Mutual Savings Banks, Life Insurance Companies and Federal Credit Agencies.

Sources adapted from: Federal Home Loan Bank Board; Federal Reserve, Flow of Funds and Mortgage Debt Statistics; U.S. Department of Housing and Urban Development, Annual Report on National Housing Goals and Gross Mortgage Flows Data.

Table 3 **TOTAL MORTGAGE ORIGINATIONS BY INSTITUTION 1982–1986**
(Dollars in Millions)

Investor and Type of Loan	1986	1985	1984	1983	1982
TOTAL ALL INVESTORS					
1–4 Unit Residential	$443,519	$259,995	$215,163	$204,092	$ 91,448
Multiunit	51,840	38,983	33,593	26,299	12,171
Nonresidential	158,655	112,345	83,299	66,463	34,448
TOTAL ORIGINATIONS	$654,014	$411,323	$332,055	$296,854	$138,067
MORTGAGE COMPANIES					
1–4 Unit Residential	$121,098	$ 76,500	$ 59,047	$ 61,992	$ 24,418
Multiunit	9,035	7,904	6,478	5,424	1,588
Nonresidential	17,312	13,445	8,735	7,117	3,224
TOTAL ORIGINATIONS	$147,445	$ 97,849	$ 74,260	$ 74,533	$ 29,230
SAVINGS & LOANS					
1–4 Unit Residential	$176,073	$109,276	$ 96,187	$ 81,524	$ 34,783
Multiunit	19,877	15,612	13,160	8,521	3,171
Nonresidential	22,168	20,482	20,135	13,837	5,479
TOTAL ORIGINATIONS	$218,168	$145,370	$129,482	$103,882	$ 43,433
COMMERCIAL BANKS					
1–4 Unit Residential	$107,608	$ 51,675	$ 41,940	$ 44,830	$ 23,263
Multiunit	6,785	4,945	3,466	3,517	1,628
Nonresidential	81,982	49,225	34,237	28,563	$ 16,110
TOTAL ORIGINATIONS	$196,375	$105,875	$ 79,643	$ 76,910	$ 41,001
MUTUAL SAVINGS BANKS					
1–4 Unit Residential	$ 31,108	$ 16,549	$ 12,685	$ 10,774	$ 4,001
Multiunit	2,892	2,317	2,035	1,968	562
Nonresidential	5,138	3,132	3,393	1,847	849
TOTAL ORIGINATIONS	$ 39,138	$ 21,998	$ 18,131	$ 14,589	$ 5,412
LIFE INSURANCE COMPANIES					
1–4 Unit Residential	$ 3,814	$ 1,306	$ 826	$ 726	$ 544
Multiunit	3,723	2,772	1,466	1,597	438
Nonresidential	29,906	23,995	14,696	13,616	7,387
TOTAL ORIGINATIONS	$ 37,443	$ 28,033	$ 16,988	$ 15,939	$ 8,369
FEDERAL CREDIT AGENCIES					
1–4 Unit Residential	$ 2,676	$ 3,154	$ 3,223	$ 3,180	$ 3,504
Multiunit	1,739	2,000	2,407	2,837	3,364
Nonresidential	480	645	668	738	289
TOTAL ORIGINATIONS	$ 4,895	$ 5,799	$ 6,298	$ 6,755	$ 7,157
ALL OTHER*					
1–4 Unit Residential	$ 1,142	$ 1,535	$ 1,255	$ 1,066	$ 935
Multiunit	7,789	3,433	4,581	2,435	1,420
Nonresidential	1,669	1,421	1,435	745	1,110
TOTAL ORIGINATIONS	$ 10,600	$ 6,389	$ 7,271	$ 4,246	$ 3,465

MBA estimates. Source adapted from: U.S. Department of Housing and Urban Development, Annual Report on National Housing Goals and Gross Mortgage Flows Data.

*All Other includes—Pension Funds, Mortgage-Backed Conduits, State & Local Retirement Funds, Mortgage Pools, and State & Local Credit Agencies.

TOTAL MORTGAGE ORIGINATIONS BY INSTITUTION 1982–1986
(Percent Change Per Year)

Table 4

Investor and Type of Loan	1986	1985	1984	1983	1982
TOTAL ALL INVESTORS					
1–4 Unit Residential	70.6%	20.8%	5.4%	123.2%	(9.1)%
Multiunit	33.0	16.0	27.7	116.1	6.7
Nonresidential	41.2	34.9	25.3	92.9	(3.7)
TOTAL ORIGINATIONS	59.0%	23.9%	11.9%	115.0%	(5.6)%
MORTGAGE COMPANIES					
1–4 Unit Residential	58.3%	29.6%	(4.8)%	153.9%	(5.5)%
Multiunit	14.3	22.0	19.4	241.6	(8.2)
Nonresidential	28.8	53.9	22.7	120.8	(45.4)
TOTAL ORIGINATIONS	50.7%	31.8%	(0.4)%	155.0%	(12.7)%
SAVINGS & LOANS					
1–4 Unit Residential	61.1%	13.6%	18.0%	134.4%	(17.1)%
Multiunit	27.3	18.6	54.4	168.7	44.9
Nonresidential	8.2	1.7	45.5	152.5	51.4
TOTAL ORIGINATIONS	50.1%	12.3%	24.6%	139.2%	(9.1)%
COMMERCIAL BANKS					
1–4 Unit Residential	108.2%	23.2%	(6.4)%	92.7%	11.9%
Multiunit	37.2	42.7	(1.5)	116.0	10.7
Nonresidential	66.5	43.8	19.9	77.3	13.4
TOTAL ORIGINATIONS	85.5%	32.9%	3.6%	87.6%	12.5%
MUTUAL SAVINGS BANKS					
1–4 Unit Residential	88.0%	30.5%	17.7%	169.3%	(0.5)%
Multiunit	24.8	13.9	3.4	250.2	(5.2)
Nonresidential	64.0	(7.7)	83.7	117.6	29.8
TOTAL ORIGINATIONS	77.9%	21.3%	24.3%	169.6%	2.7%
LIFE INSURANCE COMPANIES					
1–4 Unit Residential	192.0%	58.1%	13.8%	33.5%	13.8%
Multiunit	34.3	89.1	(8.2)	264.6	(41.8)
Nonresidential	24.6	63.3	7.9	84.3	(23.4)
TOTAL ORIGINATIONS	33.6%	65.0%	6.6%	90.5%	(23.0)%
FEDERAL CREDIT AGENCIES					
1–4 Unit Residential	(15.2)%	(2.1)%	(1.4)%	(9.2)%	(21.5)%
Multiunit	(13.1)	(16.9)	(15.2)	(15.7)	4.6
Nonresidential	(25.6)	(3.4)	(9.5)	155.4	(66.3)
TOTAL ORIGINATIONS	(15.6)%	(7.9)%	(6.8)%	(5.6)%	(16.2)%
ALL OTHER*					
1–4 Unit Residential	(25.6)%	22.3%	17.7%	14.0%	(69.4)%
Multiunit	126.9	(25.1)	88.1	71.5	(2.7)
Nonresidential	17.5	(1.0)	92.6	(32.9)	28.5
TOTAL ORIGINATIONS	65.9%	(12.1)%	71.2%	22.5%	(11.6)%

MBA estimates. Source adapted from: U.S. Department of Housing and Urban Development, Annual Report on National Housing Goals and Gross Mortgage Flows Data.

*All Other includes—Pension Funds, Mortgage-Backed Conduits, State & Local Retirement Funds, Mortgage Pools, and State & Local Credit Agencies.

MORTGAGE BANKING HISTORICAL TRENDS

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Chart 5

MORTGAGE BANKERS' ORIGINATIONS BY THE TYPE OF LOAN, 1979–1986
(Dollars in Billions)

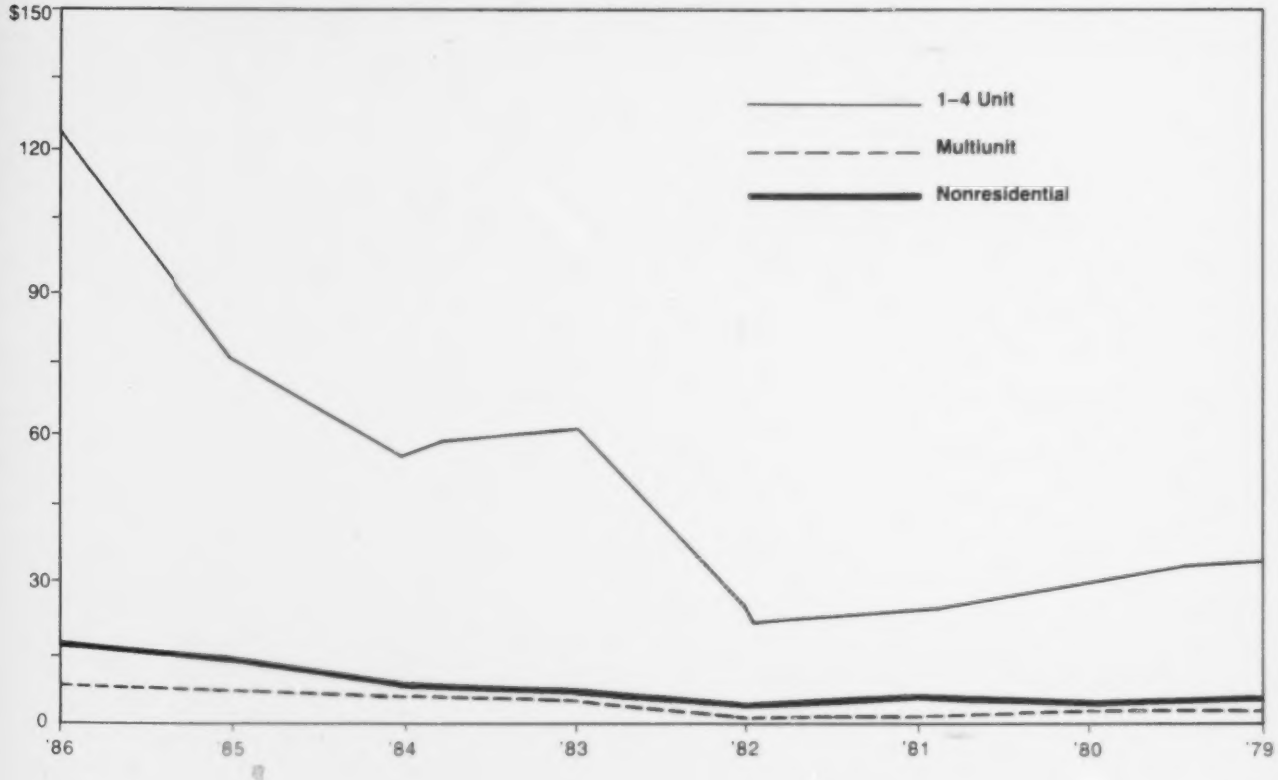


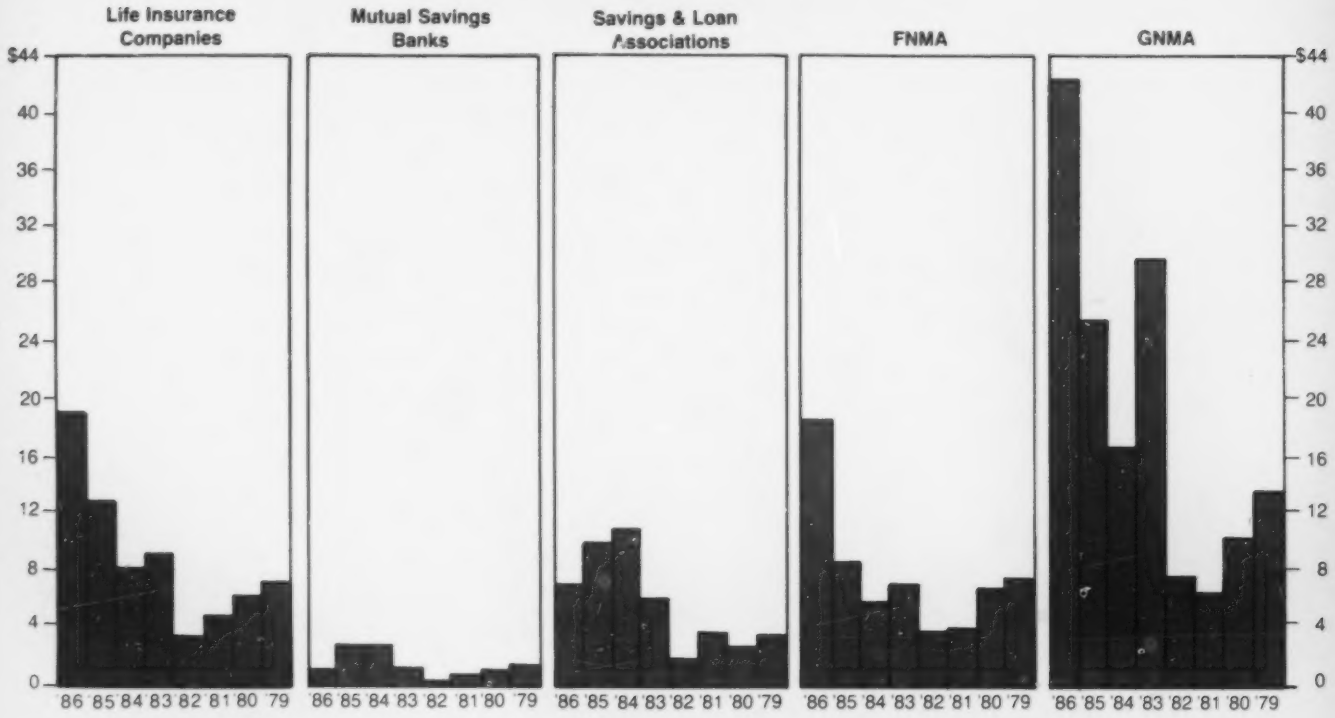
Table 5

MORTGAGE BANKERS' ORIGINATIONS BY TYPE OF LOAN

Type of Loan	1986	1985	1984	1983	1982	1981	1980	1979
	(Dollars in Millions)							
Total Residential	**$130,133**	**$84,404**	**$65,525**	**$67,416**	**$26,006**	**$27,561**	**$33,332**	**$35,916**
1–4 Unit Residential	121,098	76,500	59,047	61,992	24,418	25,832	30,864	33,394
FHA	47,750	22,904	12,856	22,072	8,471	8,387	11,823	11,907
VA	22,722	12,257	8,498	14,720	5,171	6,189	9,847	11,398
Conventional	50,626	41,339	37,693	25,200	10,776	11,256	9,194	10,089
Multiunit	9,035	7,904	6,478	5,424	1,588	1,729	2,468	2,522
FHA	2,401	1,570	2,431	1,784	642	749	1,278	743
Conventional	6,634	6,334	4,047	3,640	946	980	1,190	1,779
Nonresidential	17,312	13,445	8,735	7,117	3,224	5,907	4,799	5,507
Total	**$147,445**	**$97,849**	**$74,260**	**$74,553**	**$29,230**	**$33,468**	**$38,131**	**$41,423**
	(Percentages)							
Total Residential	**88.2%**	**86.3%**	**88.2%**	**90.5%**	**89.0%**	**82.4%**	**87.4%**	**86.7%**
1–4 Unit Residential	82.1	78.2	79.5	83.2	83.6	77.2	80.9	80.6
FHA	32.4	23.4	17.3	29.6	29.0	25.1	31.0	28.7
VA	15.4	12.5	11.4	19.8	17.7	18.5	25.8	27.5
Conventional	34.3	42.2	50.8	33.8	36.9	33.6	24.1	24.4
Multiunit	6.1	8.1	8.7	7.3	5.4	5.2	6.5	6.1
FHA	1.6	1.6	3.3	2.4	2.2	2.2	3.4	1.8
Conventional	4.5	6.5	5.4	4.9	3.2	3.0	3.1	4.3
Nonresidential	11.7	13.7	11.8	9.5	11.0	17.6	12.6	13.3
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

MORTGAGE BANKERS' LOANS ORIGINATED BY PURCHASING INVESTOR
(Dollars in Billions)

Chart 6



MORTGAGE BANKERS' LOANS ORIGINATED BY PURCHASING INVESTOR

Table 6

Investor[1]	1986	1985	1984	1983	1982	1981	1980	1979
	(Dollars in Millions)							
Life Insurance Companies	$ 19,200	$12,427	$ 8,028	$ 8,969	$ 3,219	$ 4,319	$ 6,413	$ 7,304
Thrift Institutions[2]	7,218	9,981	10,779	6,158	1,894	3,708	2,903	3,514
Commercial Banks[3]	7,142	11,448	12,591	8,489	3,217	3,820	2,240	2,842
FNMA	18,755	8,513	5,920	6,946	3,685	3,930	6,235	7,443
FHLMC	16,620	3,965	2,543	1,401	245	421	378	*
GNMA[4]	42,549	25,245	16,637	29,677	7,897	7,268	10,145	13,185
State Finance Agencies	1,929	3,718	4,046	2,696	703	1,705	1,958	1,416
Committed Inventory	19,364	13,347	7,312	5,933	6,896	6,012	4,872	3,064
Uncommitted Inventory	3,313	4,110	1,431	856	388	196	578	1,157
Others[5]	11,355	5,095	4,973	3,408	1,086	2,089	2,409	1,498
Total	**$147,445**	**$97,849**	**$74,260**	**$74,533**	**$29,230**	**$33,468**	**$38,131**	**$41,423**
	(Percentages)							
Life Insurance Companies	13.0%	12.7%	10.8%	12.0%	11.0%	12.9%	16.8%	17.6%
Thrift Institutions[2]	4.9	10.2	14.5	8.3	6.5	11.1	7.6	8.5
Commercial Banks[3]	4.8	11.7	17.0	11.4	11.0	11.4	5.9	6.9
FNMA	12.7	8.7	8.0	9.3	12.6	11.7	16.4	18.0
FHLMC	11.3	4.1	3.4	1.9	0.8	1.3	1.0	*
GNMA[4]	28.9	25.8	22.4	39.8	27.0	21.7	26.6	31.8
State Finance Agencies	1.3	3.8	5.4	3.6	2.4	5.1	5.1	3.4
Committed Inventory	13.1	13.6	9.8	8.0	23.6	18.0	12.8	7.4
Uncommitted Inventory	2.2	4.2	1.9	1.1	1.3	0.6	1.5	2.8
Others[5]	7.7	5.2	6.7	4.6	3.7	6.2	6.3	3.6
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

*Prior to 1980 FHLMC activity included in Others.

Chart 7

MORTGAGE BANKERS' ORIGINATIONS BY PURCHASING INVESTOR
(Percent Change Per Year)

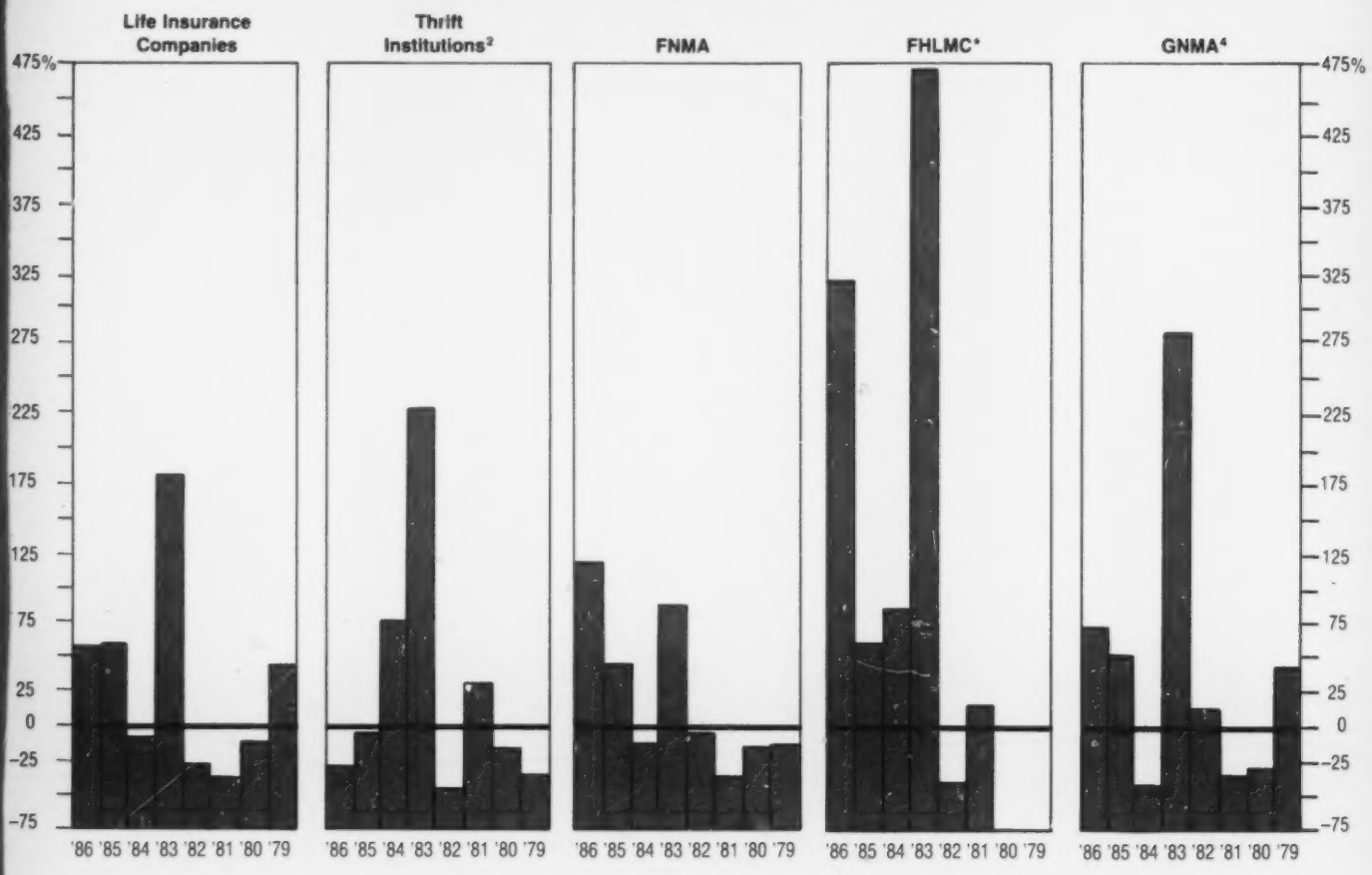


Table 7

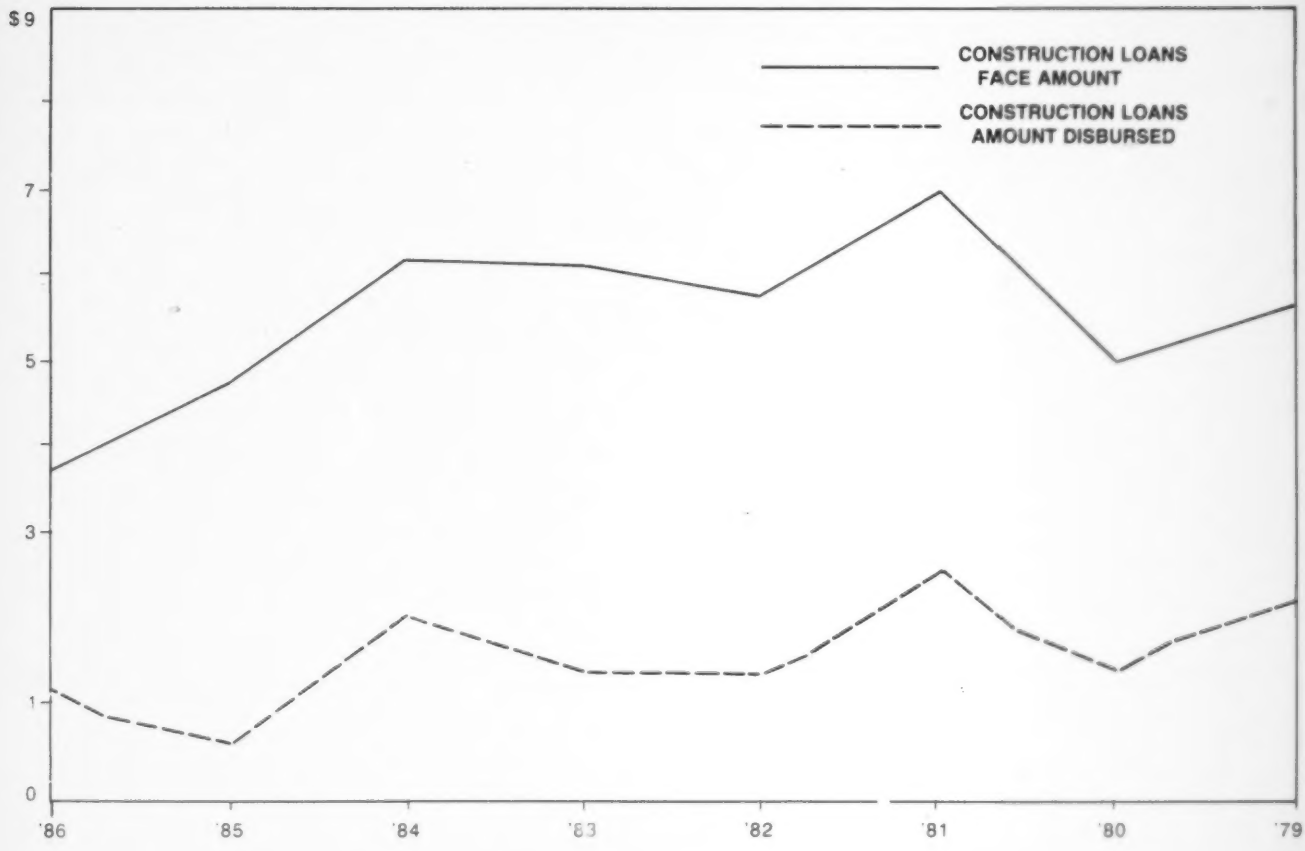
MORTGAGE BANKERS' LOANS ORIGINATIONS BY PURCHASING INVESTOR
(Percent Change Per Year)

Investor[1]	1986	1985	1984	1983	1982	1981	1980	1979
Life Insurance Companies	54.5 %	54.8 %	(10.5)%	178.6 %	(25.5)%	(32.7)%	(12.2)%	41.1 %
Thrift Institutions[2]	(27.7)	(7.4)	75.0	225.1	(48.9)	27.7	(17.4)	(31.3)
Commercial Banks[3]	(37.6)	(9.1)	48.3	163.9	(15.8)	70.5	(21.2)	31.9
FNMA	120.3	43.8	(14.8)	88.5	(6.2)	(37.0)	(16.2)	(17.0)
FHLMC	319.2	55.9	81.5	471.8	(41.8)	11.4	*	*
GNMA[4]	68.5	51.7	(43.9)	275.8	8.7	(28.4)	(23.1)	37.5
State Finance Agencies	(48.1)	(8.1)	50.1	283.5	(58.8)	(12.9)	38.3	125.1
Committed Inventory	45.1	82.5	23.2	(14.0)	14.7	23.4	59.0	24.7
Uncommitted Inventory	(19.4)	187.2	67.2	120.6	98.0	(66.1)	(50.0)	5.5
Others[5]	122.9	2.5	45.9	213.8	(48.0)	(13.3)	60.8	(41.8)
Total	**50.7 %**	**31.8 %**	**(0.4)%**	**155.0 %**	**(12.7)%**	**(12.2)%**	**(7.9)%**	**9.7 %**

*Prior to 1980 FHLMC activity included in others.

MORTGAGE BANKERS' CONSTRUCTION LOANS
(Dollars in Billions)

Chart 8



MORTGAGE BANKERS' ORIGINATIONS OF NON-FIRST MORTGAGE LOANS

Table 8

Type of Loan	1986	1985	1984	1983	1982	1981	1980	1979
	(Dollars in Millions)							
Construction Loans								
Face Amount	$3,814	$4,771	$6,083	$6,000	$5,534	$6,904	$4,904	$5,464
Amount Disbursed	1,189	541	1,984	1,498	1,491	2,220	1,470	1,941
Land Development Loans	248	226	530	448	133	452	429	624
Second Mortgage Loans	815	999	704	863	585	735	448	294
Other Non-Mortgage Loans	153	1,676	655	1,427	908	1,189	164	201
Total	**$5,029**	**$7,672**	**$7,972**	**$8,738**	**$7,160**	**$9,280**	**$5,945**	**$6,583**
	(Percentages)							
Construction Loans								
Face Amount	75.8%	62.2%	76.3%	68.7%	77.3%	74.4%	82.5%	83.0%
Amount Disbursed	23.6	7.1	24.9	17.1	20.8	23.9	24.7	29.5
Land Development Loans	4.9	2.9	6.7	5.1	1.9	4.9	7.2	9.5
Second Mortgage Loans	16.2	13.0	8.8	9.9	8.2	7.9	7.5	4.5
Other Non-Mortgage Loans	3.0	21.8	8.2	16.3	12.7	12.8	2.8	3.0
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Chart 9

MORTGAGE BANKERS' SERVICING BY INVESTOR
(Dollars in Billions)

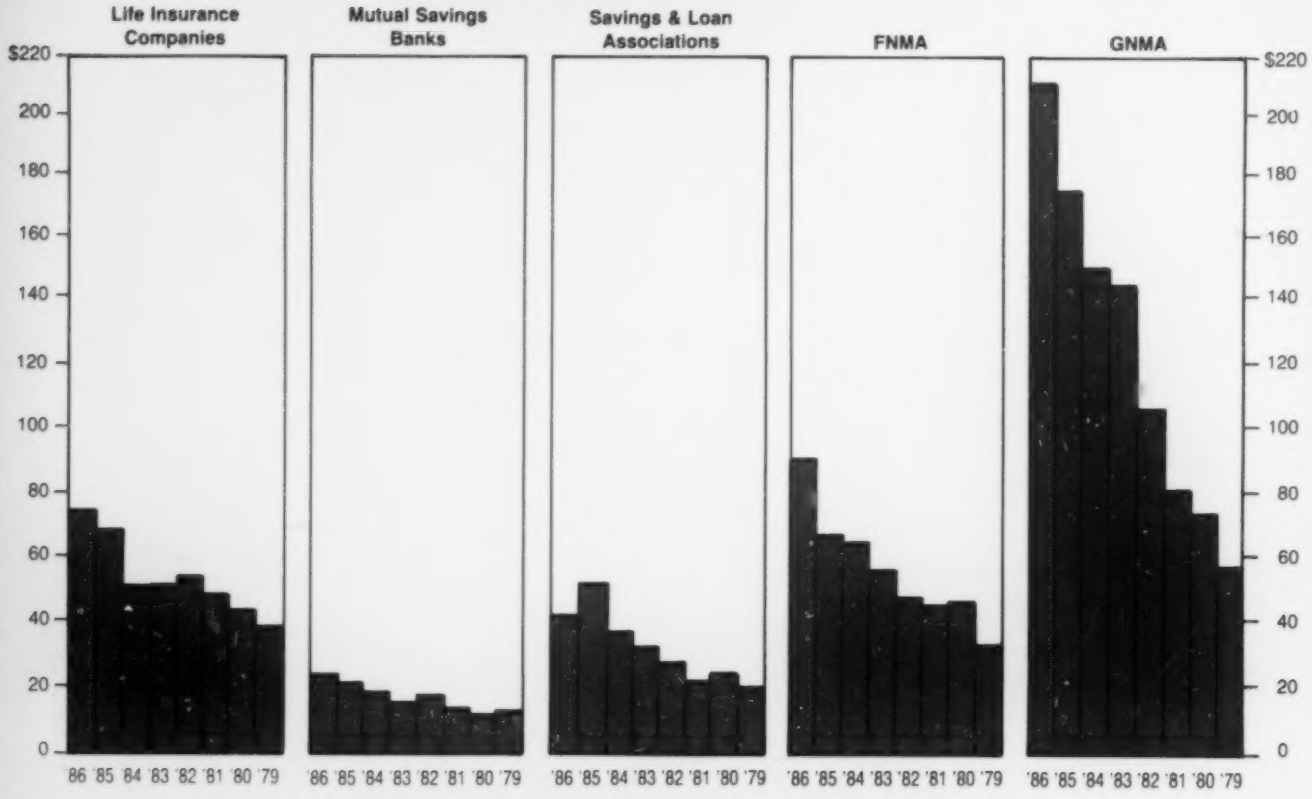
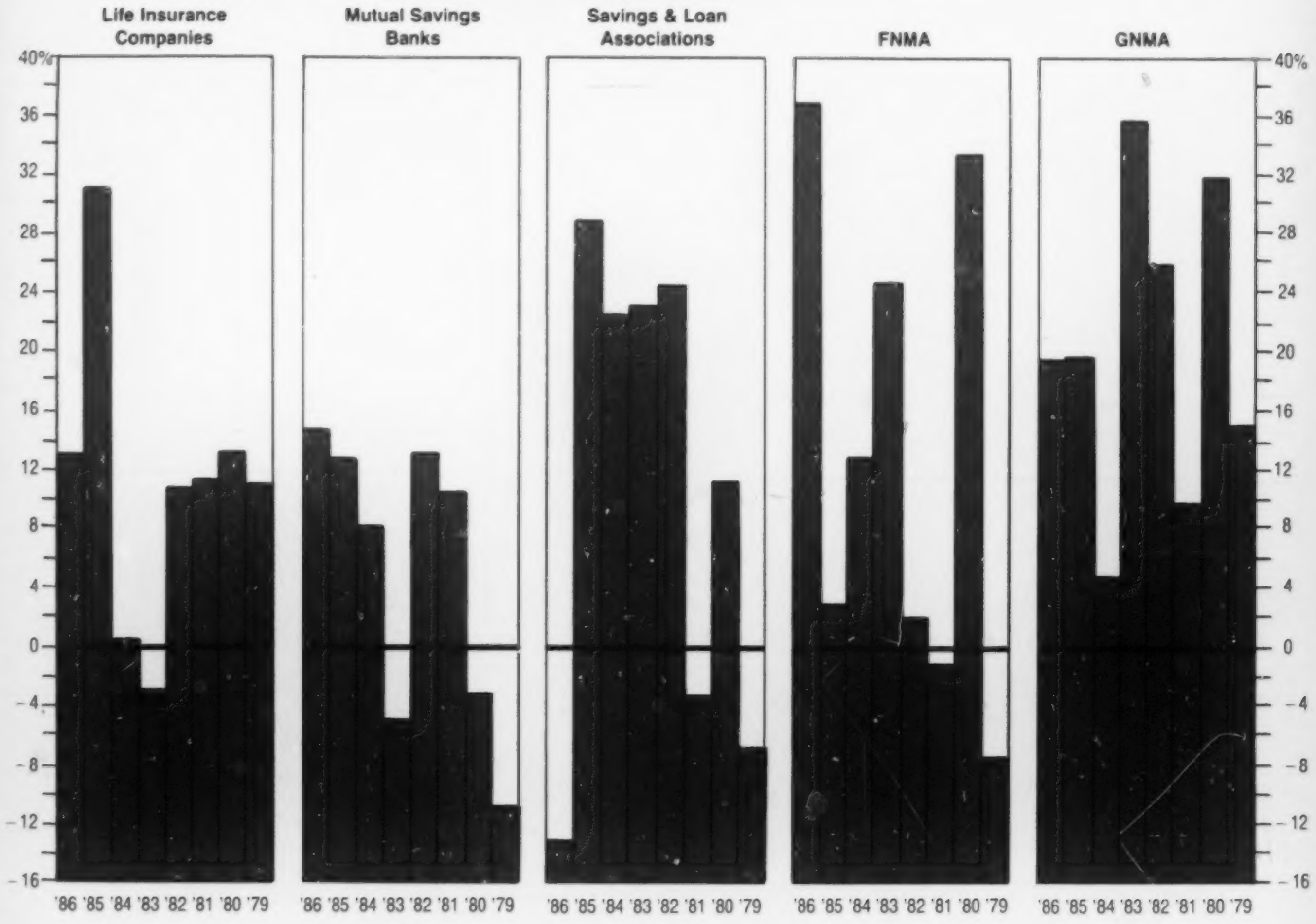


Table 9

MORTGAGE BANKERS' SERVICING BY INVESTOR

Investor[1]	1986	1985	1984	1983	1982	1981	1980	1979
	(Dollars in Billions)							
Life Insurance Companies	$ 77.5	$ 68.6	$ 52.5	$ 52.4	$ 53.9	$ 48.8	$ 43.9	$ 38.8
Mutual Savings Banks	24.3	21.2	18.8	17.4	18.3	16.2	14.7	15.2
Savings & Loan Associations	47.4	54.6	42.4	34.7	28.3	22.8	23.6	21.2
Commercial Banks[3]	49.1	63.0	58.4	44.9	34.8	30.4	22.4	19.9
FNMA	91.0	66.7	65.0	57.6	46.3	45.4	46.0	34.5
GNMA[4]	212.1	177.8	148.9	142.0	104.7	83.1	75.7	57.4
State Finance Agencies	22.8	22.5	17.7	12.5	10.4	9.0	7.0	3.8
Others	124.4	52.6	42.3	24.6	23.0	14.5	10.2	5.0
Inventory, Serviced Own Acct.	28.7	42.9	17.9	13.0	8.7	4.3	5.8	8.1
Total	**$677.4**	**$570.0**	**$463.9**	**$399.1**	**$328.4**	**$274.5**	**$249.3**	**$203.9**
	(Percentages)							
Life Insurance Companies	11.4%	12.0%	11.3%	13.1%	16.4%	17.8%	17.6%	19.0%
Mutual Savings Banks	3.6	3.7	4.1	4.4	5.6	5.9	5.9	7.5
Savings & Loan Associations	7.0	9.6	9.1	8.7	8.6	8.3	9.5	10.4
Commercial Banks[3]	7.2	11.1	12.6	11.3	10.6	11.1	9.0	9.8
FNMA	13.4	11.7	14.0	14.4	14.1	16.5	18.4	16.9
GNMA[4]	31.3	31.2	32.1	35.6	31.9	30.3	30.4	28.2
State Finance Agencies	3.4	4.0	3.8	3.1	3.2	3.3	2.8	1.9
Others	18.4	9.2	9.1	6.2	7.0	5.3	4.1	2.4
Inventory, Serviced Own Acct.	4.2	7.5	3.9	3.3	2.6	1.6	2.3	4.0
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

MORTGAGE BANKERS' SERVICING BY INVESTOR
(Percent Change Per Year)



MORTGAGE BANKERS' SERVICING BY INVESTOR
(Percent Change Per Year)

Table 10

Investors	1986	1985	1984	1983	1982	1981	1980	1979
Life Insurance Companies	13.0%	30.7%	0.2%	(2.8)%	10.5%	11.2%	13.1%	10.9%
Mutual Savings Banks	14.6	12.8	8.0	(4.9)	13.0	10.2	(3.3)	(10.6)
Savings & Loan Associations	(13.2)	28.8	22.2	22.6	24.1	(3.4)	11.3	(6.6)
Commercial Banks[3]	(22.1)	7.9	30.1	29.0	14.5	35.7	12.6	61.8
FNMA	36.4	2.6	12.8	24.4	2.0	(1.3)	33.3	(7.8)
GNMA[4]	19.3	19.4	4.9	35.6	26.0	9.8	31.9	15.0
State Finance Agencies	1.3	27.1	41.6	20.2	15.6	28.6	84.2	58.3
Others	136.5	24.3	72.0	7.0	58.6	42.2	104.0	(2.0)
Inventory, Serviced Own Acct.	(33.1)	139.7	37.7	49.4	102.3	(25.9)	(28.4)	0.0
Total	**18.8%**	**22.9%**	**16.2%**	**21.5%**	**19.6%**	**10.1%**	**22.3%**	**7.4%**

Chart 11 MORTGAGE BANKERS' SERVICING BY PROPERTY AND LOAN TYPE
(Dollars in Billions)

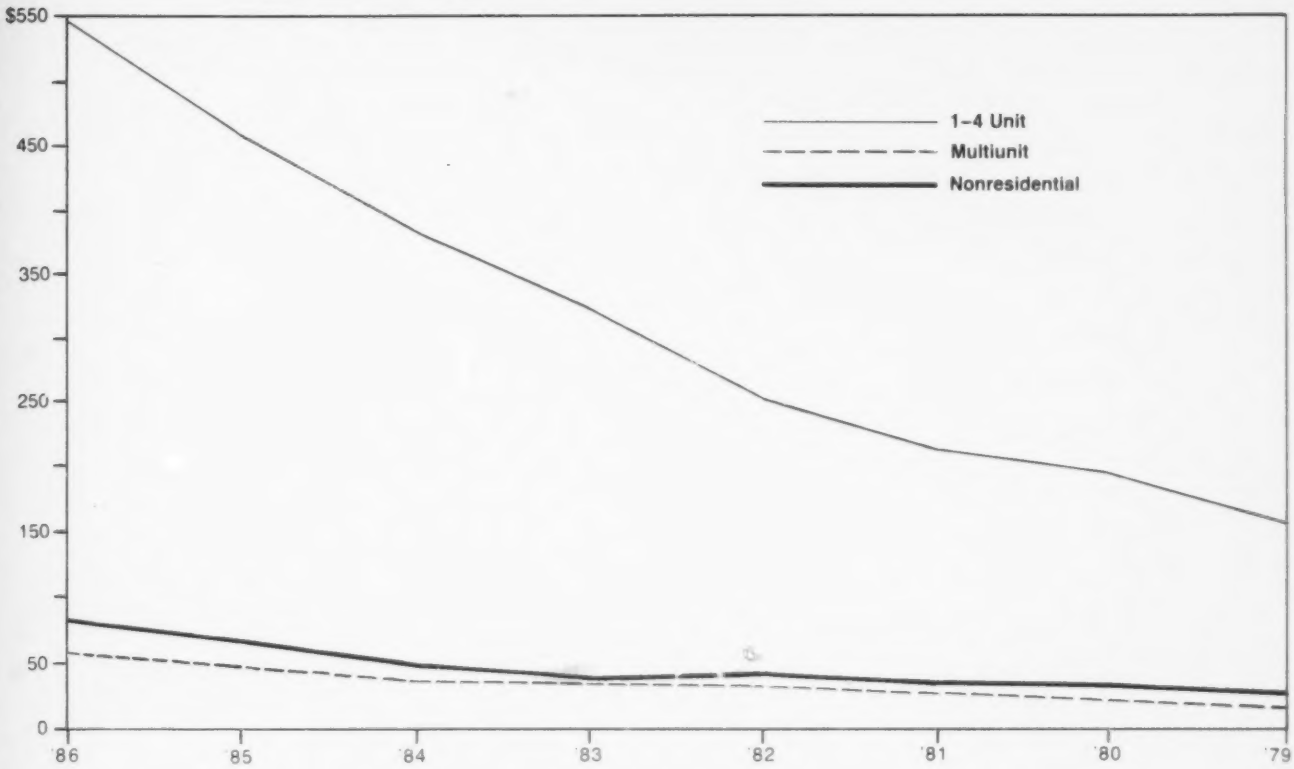
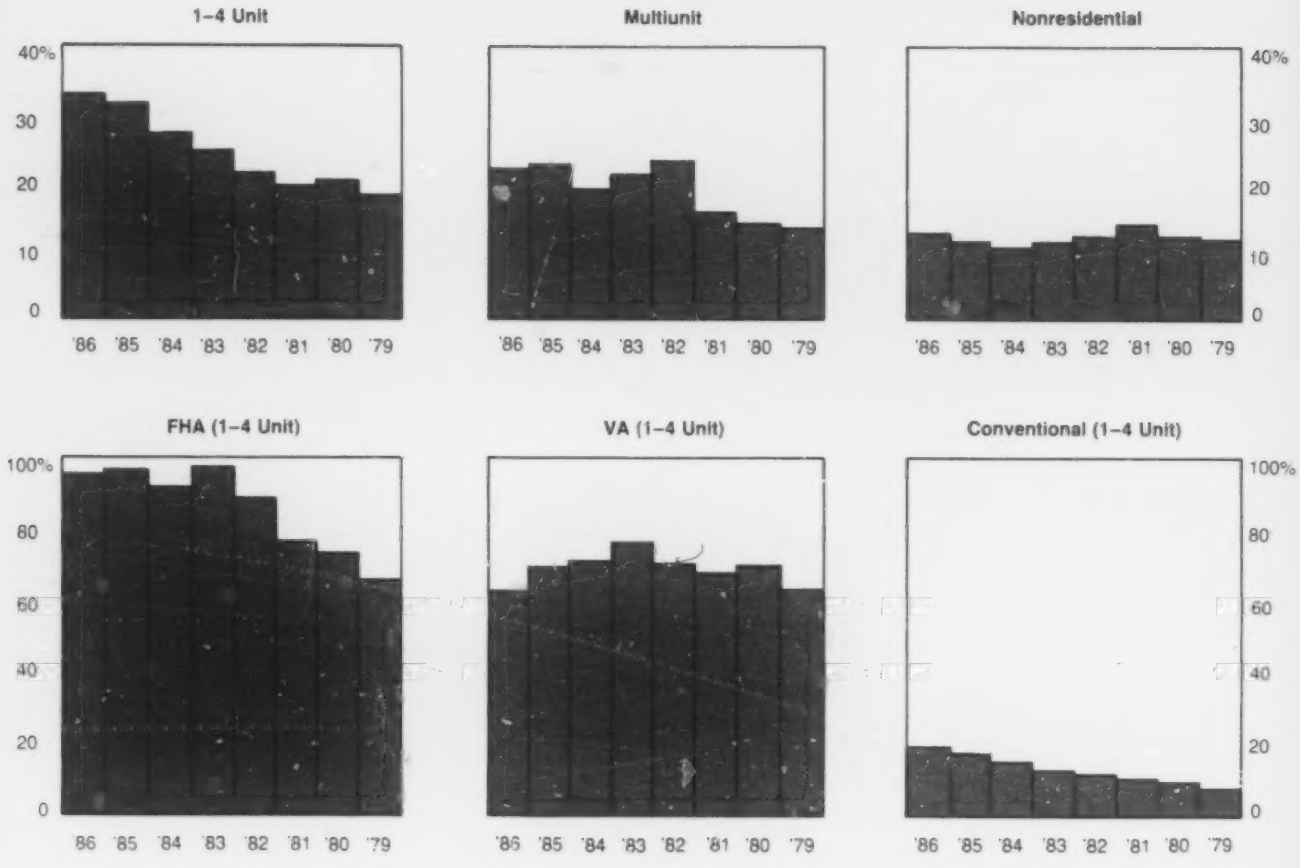


Table 11 MORTGAGE BANKERS' SERVICING BY PROPERTY AND LOAN TYPE

Property and Loan Type	1986	1985	1984	1983	1982	1981	1980	1979
	(Dollars in Billions)							
Total Residential	**$597.6**	**$508.0**	**$415.8**	**$356.5**	**$284.3**	**$235.3**	**$215.8**	**$176.3**
1–4 Unit Residential	541.2	458.8	381.1	321.7	251.5	212.6	195.0	157.4
FHA	170.2	136.5	119.0	112.7	91.0	76.9	68.7	56.3
VA	110.9	108.6	98.2	97.8	80.1	72.5	72.5	60.4
Conventional	260.1	231.6	163.9	111.2	80.4	63.2	53.8	40.7
Multiunit	56.4	49.6	34.7	34.8	32.8	22.7	20.8	18.9
FHA	27.9	17.4	17.1	14.0	14.9	9.5	8.5	5.6
Conventional	28.5	32.2	17.6	20.8	17.9	13.2	12.3	13.3
Nonresidential	79.8	61.6	48.1	42.6	44.1	39.2	33.5	27.6
Total	**$677.4**	**$570.0**	**$463.9**	**$399.1**	**$328.4**	**$274.5**	**$249.3**	**$203.9**
	(Percentages)							
Total Residential	**88.2%**	**89.1%**	**89.6%**	**89.3%**	**86.6%**	**85.7%**	**86.6%**	**86.4%**
1–4 Unit Residential	79.9	80.5	82.1	80.6	76.6	77.4	78.3	77.2
FHA	25.1	23.9	25.6	28.2	27.7	28.0	27.6	27.6
VA	16.4	19.1	21.2	24.5	24.4	26.4	29.1	29.6
Conventional	38.4	37.5	35.3	27.9	24.5	23.0	21.6	20.0
Multiunit	8.3	8.7	7.5	8.7	10.0	8.3	8.3	9.2
FHA	4.1	3.1	3.7	3.5	4.5	3.5	3.4	2.7
Conventional	4.2	5.6	3.8	5.2	5.5	4.8	4.9	6.5
Nonresidential	11.8	10.8	10.4	10.7	13.4	14.3	13.4	13.6
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

SERVICING BY MORTGAGE BANKERS AS A PERCENT OF MORTGAGE DEBT OUTSTANDING, 1979–1986

Chart 12



SERVICING BY MORTGAGE BANKERS AS A PERCENT OF MORTGAGE DEBT OUTSTANDING

Table 12

Property and Type of Loan	1986	1985	1984	1983	1982	1981	1980	1979
Total Residential	**31.8%**	**30.4%**	**27.8%**	**26.2%**	**22.8%**	**23.0%**	**19.7%**	**17.6%**
1–4 Unit Residential	33.0	31.3	28.7	26.6	22.7	20.0	20.3	18.0
FHA	96.2	98 8	95.4	99.0	87.2	76.0	74.8	66.8
VA	63.6	69.7	70.0	78.0	68.0	63.5	70.0	62.5
Conventional	19.8	18.2	15.5	11.5	9.1	7.4	6.9	5.7
Multiunit	23.6	24.3	20.4	23.1	24.1	16.1	15.2	14.5
Nonresidential	13.4	11.5	10.2	10.4	12.4	14.0	13.0	11.6
Total	**27.3%**	**25.8%**	**23.6%**	**22.5%**	**20.5%**	**18.5%**	**17.2%**	**15.3%**

Source adapted from Federal Reserve Mortgage Debt Statistics.

MORTGAGE BANKERS' AVERAGE SIZE LOAN ORIGINATED AND SERVICED IN 1986

Table		Page
13	Mortgage Bankers' Average Size Loan Originated in 1986 By Loan Type By Origination Volume in Millions of Dollars	30
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Table 13 MORTGAGE BANKERS' AVERAGE SIZE LOAN ORIGINATED IN 1986 BY LOAN TYPE
By Origination Volume in Millions of Dollars

Type of Loan	Less Than $10	$10 to $25	$25 to $50	$50 to $100	$100 to $200	$200 or More	Industry Averages
	(In Dollars)						
Total 1–4 Unit Residential	$ 44,905	$ 65,542	$ 61,491	$ 68,845	$ 61,761	$ 72,544	$ 70,477
FHA	0	62,075	50,631	59,246	56,906	63,469	62,044
VA	0	62,278	58,167	61,143	63,546	71,365	69,193
Conventional	44,905	78,854	73,069	81,321	66,841	84,638	81,622
All Multiunit	$4,293,200	$ 0	$2,468,270	$ 364,185	$1,917,380	$1,457,496	$1,384,529
FHA	4,293,200	0	2,763,879	0	4,348,252	4,911,169	4,042,074
Conventional	0	0	428,567	364,185	1,540,000	1,240,080	1,118,416
Total Nonresidential	$1,070,835	$3,025,000	$1,311,832	$1,172,082	$2,503,702	$3,762,048	$2,770,742
Nonresidential	1,070,835	3,025,000	1,311,832	1,172,082	2,503,702	3,765,590	2,772,077
Farm and Ranch	0	0	0	0	0	687,250	687,250
All First Mortgage Loans	$ 737,088	$ 67,983	$ 91,815	$ 84,094	$ 74,133	$ 86,582	$ 84,683
Construction	224,670	75,983	1,449,966	1,566,125	244,596	111,860	133,333
Land Development	0	0	216,733	0	329,107	143,087	147,495
Second Mortgage	0	28,244	1,292,067	51,742	7,822	24,095	11,998
Mobile Home	0	0	0	0	0	19,387	19,387
All Other	0	0	0	0	18,750	62,508	61,895
All Loans	$ 590,453	$ 68,165	$ 96,965	$ 85,686	$ 63,887	$ 86,303	$ 82,916
Total Number of Firms	91	120	133	144	136	199	823

MORTGAGE BANKERS' AVERAGE SIZE LOAN SERVICED IN 1986 BY LOAN TYPE

Table 14

By Servicing Volume in Millions of Dollars

Type of Loan	Less Than $50	$50 to $100	$100 to $200	$200 to $400	$400 to $800	$800 to $1,200	$1,200 or More	Industry Averages
	(In Dollars)							
Total 1–4 Unit Residential	$ 60,429	$ 53,600	$ 49,381	$ 45,054	$ 41,124	$ 39,588	$ 42,903	$ 42,918
FHA	44,487	33,375	35,448	39,832	33,475	32,878	37,534	36,974
VA	36,844	42,348	35,755	40,084	34,313	34,323	39,504	38,744
Conventional	70,514	66,934	58,772	52,076	46,912	52,362	50,321	50,558
All Multiunit	$1,054,918	$1,848,115	$ 623,763	$3,800,093	$ 623,807	$ 805,874	$ 566,108	$611,020
FHA	4,709,064	1,187,882	3,501,132	4,529,373	2,214,731	2,578,664	448,261	520,540
Conventional	277,792	3,095,222	583,609	1,510,228	502,237	691,748	779,141	736,119
Total Nonresidential	$ 598,819	$ 228,808	$ 161,721	$1,210,367	$ 171,586	$1,415,401	$1,343,811	$894,611
Nonresidential	1,159,584	228,808	161,721	1,321,114	160,364	2,527,306	1,400,713	946,966
Farm and Ranch	10,881	0	0	185,991	2,569,407	9,720	169,084	116,076
All First Mortgage Loans	$ 73,935	$ 54,047	$ 63,572	$ 75,442	$ 43,424	$ 56,008	$ 52,623	$ 52,953
Construction	460,191	108,947	259,332	1,292,438	480,576	404,361	158,338	200,410
Land Development	138,000	0	0	131,882	751,759	759,615	225,938	270,148
Second Mortgage	15,721	15,015	32,298	5,944	26,847	1,719,414	20,823	15,048
Mobile Home	0	0	0	0	31,497	13,231	15,776	16,031
All Other	46,600	476,222	0	0	10,197	0	43,957	24,167
All Loans	$ 67,842	$ 54,356	$ 63,466	$ 52,499	$ 43,739	$ 59,280	$ 52,631	$ 52,335
Total Number of Firms	223	88	120	119	102	38	133	823

Table 15 MORTGAGE BANKERS' AVERAGE SIZE LOAN ORIGINATED IN 1986 FOR INVESTOR
By Origination Volume in Millions of Dollars

Investor	Less Than $10	$10 to $25	$25 to $50	$50 to $100	$100 to $200	$200 or More	Industry Averages
	(In Dollars)						
Life Insurance Companies	$4,550,000	$3,025,000	$175,947	$2,156,776	$1,177,932	$718,507	$624,446
Mutual Savings Banks	0	0	0	65,762	40,171	139,952	117,244
Savings and Loan	384,158	54,349	83,576	95,770	76,330	90,882	87,966
Commercial Banks[3]	45,248	0	869,232	105,383	72,366	103,072	98,125
FNMA	0	84,996	155,773	79,564	70,152	77,644	77,589
GNMA[4]	0	59,704	60,389	67,031	64,255	67,169	66,623
State Finance Agencies	4,293,200	54,580	60,762	52,207	50,403	59,159	59,739
Other	0	143,754	208,945	141,579	152,321	214,253	184,088
Serviced Own Acct.	0	70,327	51,310	76,151	71,715	81,557	78,723
All Investors	$ 737,088	$ 67,983	$ 91,815	$ 84,094	$ 74,133	$ 86,582	$ 84,683

LOANS CLOSED AND LOANS SERVICED

Table		Page
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18	Share of Mortgage Bankers' Originations By Type of Loan, 1981–1986, By Size of Servicing Portfolio	36
19	Percent of Mortgage Loans Originated, 1982–1986, By Type of Purchasing Investor By Size of Mortgage Bankers' Servicing Portfolio	37
20	Mortgage Bankers' Activity, Average Firm, 1980–1986	38

Table 16 LOANS ORIGINATED AND LOANS SERVICED BY MORTGAGE BANKERS IN 1986

	By Size of Servicing Portfolio (dollars in millions)					
	Less Than $10	$10 to $25	$25 to $50	$50 to $100	$100 to $200	$200 or More
LOANS ORIGINATED	(Dollars in Millions)					
First Mortgage Loans	$ 164	$2,059	$ 4,366	$ 8,982	$17,255	$114,618
1–4 Unit Residential	3	2,014	2,753	7,152	14,059	95,118
FHA	0	1,029	920	2,390	5,808	37,604
VA	0	492	432	1,229	2,747	17,822
Conventional	3	493	1,401	3,533	5,504	39,692
Multiunit	0	0	585	379	1,584	6,423
FHA	64	0	572	0	483	1,282
Conventional	0	0	13	379	1,101	5,141
Nonresidential	97	45	1,028	1,451	1,612	13,077
Non-First Mortgage Loans	$ 20	$ 78	$ 303	$ 245	$ 783	$ 3,599
Constr. Loans, Face Amt.	20	77	258	225	355	2,878
1–4 Unit Residential	5	77	2	1	118	1,809
Other	15	0	256	224	237	1,069
Constr. Loans (Amt. Disb.)	1	102	65	21	0	1,000
Land Development Loans	0	0	6	0	9	233
Second Mortgage Loans	0	1	39	20	418	337
Mobile Home Loans	0	0	0	0	0	82
Other Non-First Mortgage Loans	0	0	0	0	1	70
TOTAL LOANS ORIGINATED	$ 184	$2,137	$ 4,669	$ 9,227	$18,038	$118,217
FIRST MORTGAGES SERVICED						
1–4 Unit Residential	$2,177	$5,142	$ 3,880	$19,100	$56,593	$454,383
FHA	152	1,888	855	3,919	14,863	148,535
VA	285	1,516	407	3,838	10,388	94,471
Conventional	1,740	1,738	2,618	11,343	31,342	211,377
Multiunit	944	161	8,196	1,031	5,639	45,507
FHA	701	6	8,171	1	3,383	15,659
Conventional	243	155	25	1,030	2,256	24,848
Nonresidential	163	324	1,758	5,724	7,264	64,455
Type of Investor						
Life Insurance Companies	$ 132	$ 404	$ 1,149	$ 5,381	$ 7,529	$ 62,912
Mutual Savings Banks	1,233	203	1	136	1,635	21,128
Savings & Loan Associations	122	306	431	3,780	4,006	38,791
Commerical Banks[3]	404	108	701	1,809	6,493	39,642
FNMA	242	1,104	1,605	2,941	10,455	74,742
GNMA[4]	167	2,582	691	5,898	17,768	184,964
State Finance Agencies	372	440	262	1,278	5,892	14,513
Others	607	254	8,766	3,853	14,016	96,907
Serviced Own Acct.	5	228	227	780	1,703	25,747
With Investor Comm.	0	161	134	682	1,510	18,415
Without Investor Comm.	5	67	93	98	193	7,332
TOTAL FIRST MORTGAGES SERVICED	$3,284	$5,627	$13,834	$25,855	$69,496	$559,345
NON-FIRST MORTGAGES SERVICED						
Construction Loans	$ 26	$ 74	$ 94	$ 466	$ 343	$ 3,682
Land Development Loans	2	0	0	2	13	514
Second Mortgage Loans	0	3	2	64	1,546	2,881
Mobile Home Loans	0	0	0	5	0	142
Other Non-First Mortgage Loans	0	0	0	4	71	206
Total Number of Firms	91	120	133	144	136	199

LOANS ORIGINATED AND LOANS SERVICED BY MORTGAGE BANKERS IN 1986 Table 17

	By Size of Origination Volume (dollars in millions)							
	Under $50	$50 to $100	$100 to $200	$200 to $400	$400 to $800	$800 to $1,200	$1,200 or More	Industry Totals
LOANS ORIGINATED	(Dollars in Millions)							
First Mortgage Loans	$7,496	$3,286	$ 7,347	$ 7,543	$14,576	$10,816	$96,381	$147,445
1–4 Unit Residential	6,668	3,265	5,295	4,692	14,105	7,550	79,523	121,098
FHA	3,604	1,409	1,729	2,245	4,546	3,083	31,134	47,750
VA	1,257	513	994	1,081	1,902	1,616	15,358	22,721
Conventional	1,807	1,343	2,572	1,366	7,657	2,851	33,031	50,627
Multiunit	98	21	877	580	247	817	6,395	9,035
FHA	64	0	0	460	23	64	1,790	2,401
Conventional	34	21	877	120	224	753	4,605	6,634
Nonresidential	730	0	1,175	2,271	224	2,449	10,463	17,312
Non-First Mortgage Loans	$ 345	$ 77	$ 48	$ 408	$ 560	$ 622	$ 2,969	$ 5,029
Constr. Loans, Face Amt.	296	77	42	0	527	561	2,311	3,814
1–4 Unit Residential	25	77	15	0	92	197	1,607	2,013
Other	271	0	27	0	435	364	705	1,802
Constr. Loans (Amt. Disb.)	66	102	17	4	0	52	948	1,189
Land Development Loans	6	0	0	0	13	57	172	248
Second Mortgage Loans	42	0	7	408	21	4	333	815
Mobile Home Loans	0	0	0	0	0	0	82	82
Other Non-First Mortgage Loans	0	0	0	0	1	0	70	71
TOTAL LOANS ORIGINATED	$7,841	$3,363	$ 7,395	$ 7,951	$15,136	$11,438	$ 99,350	$152,474
FIRST MORTGAGES SERVICED								
1–4 Unit Residential	$3,444	$6,133	$12,673	$20,021	$56,961	$26,045	$415,996	$541,274
FHA	668	1,088	2,165	6,522	13,032	8,571	138,166	170,212
VA	201	743	1,531	3,729	7,589	6,326	90,785	110,905
Conventional	2,575	4,302	8,977	9,770	36,340	11,148	187,045	260,157
Multiunit	566	48	1,722	3,036	1,728	3,171	46,104	56,375
FHA	443	20	133	2,745	461	614	23,504	27,920
Conventional	123	28	1,589	291	1,367	2,557	22,600	28,555
Nonresidential	278	6	3,451	11,228	2,089	8,175	54,566	79,793
Type of Investor								
Life Insurance Companies	$ 298	$ 18	$ 3,444	$10,179	$ 2,030	$ 8,646	$ 52,890	$ 77,505
Mutual Savings Banks	0	12	623	81	1,272	1,184	21,164	24,336
Savings & Loan Associations	187	143	2,593	1,051	8,551	2,336	32,576	47,437
Commercial Banks[3]	196	350	1,076	2,488	5,782	3,724	35,539	49,155
FNMA	1,110	1,136	2,386	3,407	9,302	4,952	68,795	91,088
GNMA[4]	502	1,199	1,954	9,047	14,894	10,786	173,688	212,070
State Finance Agencies	260	1,302	1,161	748	2,866	1,638	14,781	22,756
Others	1,453	1,679	3,919	6,223	13,037	2,790	95,302	124,403
Serviced Own Acct.	280	348	690	1,061	3,046	1,335	21,930	28,690
With Investor Comm.	219	279	427	750	2,312	1,233	15,681	20,901
Without Investor Comm.	61	68	263	311	735	102	6,249	7,787
TOTAL FIRST MORTGAGES SERVICED	$4,288	$6,187	$17,846	$34,285	$60,778	$37,391	$516,666	$677,441
NON-FIRST MORTGAGES SERVICED								
Construction Loans	$ 63	$ 74	$ 76	$ 124	$ 743	$ 558	$ 3,049	$ 4,687
Land Development Loans	2	0	0	4	22	109	393	530
Second Mortgage Loans	123	2	90	1,347	34	1,668	1,231	4,495
Mobile Home Loans	0	0	0	0	5	1	141	147
Other Non-First Mortgage Loans	1	4	0	0	71	0	205	281
Total Number of Firms	223	88	120	119	102	38	133	823

Table 18 **SHARE OF MORTGAGE BANKERS' ORIGINATIONS BY TYPE OF LOAN, 1981–1986**
By Size of Servicing Portfolio

Property and Type of Loan	Size of Servicing Portfolio (dollars in millions)						
	All Sizes	Under $50	$50 to $100	$100 to $200	$200 to $400	$400 to $800	$800 or More
1–4 Unit Residential							
1986	82.1%	89.0%	99.4%	72.1%	62.2%	96.8%	81.2%
1985	78.2	88.3	89.6	58.5	76.8	77.4	78.9
1984	79.5	92.3	67.7	77.8	82.3	75.4	80.6
1983	83.2	72.2	68.3	89.0	69.2	77.6	87.1
1982	83.5	89.2	94.4	80.8	80.4	84.0	82.7
1981	77.2	73.0	79.6	75.9	51.4	79.7	82.3
FHA							
1986	32.4	48.1	42.9	23.5	29.8	31.2	31.9
1985	23.4	34.6	19.2	9.3	17.7	24.6	24.2
1984	17.3	17.3	22.4	5.9	16.4	22.3	16.8
1983	29.6	30.0	11.3	21.7	20.3	24.3	33.2
1982	29.0	34.2	26.9	26.0	30.2	25.9	29.2
1981	25.1	21.3	24.2	19.1	22.6	24.4	26.8
VA							
1986	15.4	16.8	15.6	13.5	14.3	13.0	15.8
1985	12.5	6.5	13.8	6.0	9.8	12.4	13.5
1984	11.4	4.7	16.2	4.3	11.5	11.7	11.6
1983	19.8	16.6	17.5	14.0	22.5	14.7	20.9
1982	17.7	14.5	14.5	18.6	18.0	18.9	17.9
1981	18.5	10.8	15.8	19.3	11.9	17.5	20.9
CONV							
1986	34.3	24.1	40.9	35.0	18.1	52.5	33.5
1985	42.2	47.2	56.6	43.1	49.2	40.4	41.2
1984	50.8	70.2	29.0	67.6	54.3	41.3	52.3
1983	33.8	25.7	39.5	53.3	26.4	38.6	33.0
1982	36.9	40.5	53.0	36.2	32.2	39.2	35.6
1981	33.6	40.9	39.6	37.5	16.9	37.8	34.6
Multiunit							
1986	6.1	1.3	0.6	11.9	7.7	1.7	6.7
1985	8.1	2.3	2.3	21.3	9.2	9.7	7.2
1984	8.7	7.7	12.0	5.3	6.6	8.6	9.0
1983	7.3	13.3	21.3	1.3	9.6	9.4	6.0
1982	5.4	4.6	0.7	7.8	9.0	3.5	5.5
1981	5.2	2.9	4.5	5.2	4.4	1.9	6.7
FHA							
1986	1.6	0.9	0.0	0.0	6.1	0.2	1.7
1985	1.6	0.0	0.0	5.3	0.0	1.7	1.6
1984	3.3	0.9	9.4	0.0	0.0	1.5	3.8
1983	2.4	4.2	6.0	0.0	6.8	1.2	1.9
1982	2.2	4.6	0.0	1.3	2.5	2.8	2.0
1981	2.2	0.0	4.5	2.2	1.9	0.5	2.9
CONV							
1986	4.5	0.4	0.6	11.9	1.6	1.5	5.0
1985	6.5	2.3	2.3	15.9	9.2	8.0	5.7
1984	5.5	6.8	2.6	5.3	6.6	7.1	5.1
1983	4.9	9.0	15.4	1.3	2.9	8.1	4.2
1982	3.2	0.0	0.7	6.4	6.5	0.8	3.4
1981	3.0	2.9	0.0	3.0	2.5	1.3	3.7
Nonresidential							
1986	11.7	9.7	0.0	16.0	30.1	1.5	12.0
1985	13.7	9.4	8.1	20.2	14.0	12.9	13.8
1984	11.8	0.0	20.3	16.9	11.1	16.0	10.4
1983	9.5	14.5	10.3	9.7	21.1	13.1	6.9
1982	11.0	6.2	5.0	11.5	10.6	12.5	11.8
1981	17.6	24.1	15.9	18.9	44.2	18.4	11.1
TOTAL ORIGINATED	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

PERCENT OF MORTGAGE LOANS ORIGINATED, 1982–1986

Table 19

By Type of Purchasing Investor by Size of Mortgage Bankers' Servicing Portfolio

Purchasing Investor	Size of Servicing Portfolio (dollars in millions)						
	All Sizes	Under $50	$50 to $100	$100 to $200	$200 to $400	$400 to $800	$800 or More
LIFE INSURANCE COMPANIES							
1986	13.0%	14.6%	0.0%	14.6%	31.1%	3.4%	13.3%
1985	12.7	0.0	8.1	30.0	7.4	22.3	10.9
1984	10.8	4.0	20.2	11.2	9.7	17.2	8.9
1983	12.0	25.0	21.4	13.8	22.3	19.9	7.8
1982	11.0	5.0	1.4	13.6	9.6	9.2	12.6
MUTUAL SAVINGS BANKS							
1986	0.5	1.1	0.0	0.6	0.4	0.7	0.5
1985	2.1	1.3	0.0	0.2	9.2	0.4	2.2
1984	3.0	1.6	0.0	3.1	1.5	3.6	3.3
1983	1.5	2.9	10.8	0.0	0.3	0.4	1.5
1982	0.5	0.4	0.0	2.8	0.3	0.2	0.5
SAVINGS & LOAN ASSN.							
1986	4.4	6.3	3.6	8.0	2.7	5.5	3.9
1985	8.1	5.9	28.6	14.8	6.3	5.6	7.5
1984	11.5	17.4	7.4	30.9	17.7	10.0	9.9
1983	6.7	4.9	8.7	19.1	1.7	20.4	4.1
1982	6.0	2.4	24.7	11.4	5.3	17.1	3.3
COMMERCIAL BANKS[3]							
1986	4.8	5.8	1.6	4.2	2.4	4.4	5.2
1985	11.7	3.8	13.1	14.2	9.9	9.1	12.7
1984	17.0	2.0	7.7	6.9	10.4	7.8	21.6
1983	11.4	7.0	7.3	3.9	1.2	3.0	15.6
1982	11.0	8.5	9.8	5.5	10.0	3.0	13.3
FNMA							
1986	12.7	1.9	12.4	12.7	4.7	25.9	12.2
1985	8.7	10.5	4.4	4.7	14.4	8.5	8.7
1984	8.0	15.4	3.7	13.4	13.7	5.3	7.6
1983	9.3	10.6	12.9	20.2	10.0	8.3	7.8
1982	12.6	18.7	16.0	9.3	15.7	17.6	10.5
GNMA[4]							
1986	28.8	9.7	26.0	14.0	28.7	19.2	33.1
1985	25.8	0.2	18.4	10.7	18.7	19.6	30.7
1984	22.4	7.5	19.3	5.6	19.2	17.3	25.7
1983	39.8	21.6	20.8	15.6	37.5	23.5	46.4
1982	27.1	31.2	3.3	14.2	31.1	27.4	27.8
OTHERS							
1986	33.4	59.8	54.6	44.8	27.6	38.8	29.2
1985	26.7	73.4	24.9	24.0	19.2	31.3	23.5
1984	25.4	51.0	41.7	27.1	26.3	43.2	20.5
1983	18.2	22.5	18.1	26.9	26.1	23.7	15.6
1982	30.5	32.8	37.8	41.3	23.3	23.2	31.7
UNCOMMITTED INVENTORY							
1986	2.2	0.8	1.7	1.3	2.3	1.9	2.5
1985	4.2	4.9	2.4	1.4	14.9	3.2	3.8
1984	1.9	1.1	0.0	1.8	1.5	0.4	2.5
1983	1.1	5.5	0.0	0.5	0.9	0.8	1.2
1982	1.3	1.0	7.0	1.9	4.7	2.3	0.3
TOTAL ORIGINATED	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Table 20 **MORTGAGE BANKERS' ACTIVITY, AVERAGE FIRM**

1986	1985	1984	1983	1982	1981	1980	
			(Dollars in Millions)				**LOANS ORIGINATED**
$179.2	$129.4	$ 96.8	$107.2	$ 40.1	$ 44.1	$ 48.9	First Mortgage Loans
147.1	101.2	77.0	89.2	33.5	34.0	39.6	1–4 Unit Residential
58.0	30.3	16.8	31.8	11.6	11.0	15.2	FHA
27.6	16.2	11.1	21.2	7.1	8.2	12.6	VA
61.5	54.7	49.1	36.2	14.8	14.8	11.8	Conventional
11.0	10.5	8.4	7.8	2.2	2.3	3.2	Multiunit
21.0	17.8	11.4	10.2	4.4	7.8	6.2	Nonresidential
$ 6.1	$ 10.1	$ 10.4	$ 12.6	$ 9.8	$ 12.2	$ 7.6	Non-First Mortgage Loans
4.6	6.3	7.9	8.6	7.6	9.1	6.3	Constr. Loans, Face Amt.
2.4	2.3	3.4	2.9	1.4	3.0	1.7	1–4 Unit Residential
2.2	4.0	4.5	5.7	6.2	6.1	4.6	Other
1.4	0.7	2.6	2.2	2.0	2.9	1.9	Constr. Loans (Amt. Disb.)
0.3	0.3	0.7	0.6	0.2	0.6	0.6	Land Development Loans
1.0	1.3	0.9	1.2	0.8	1.0	0.6	Second Mortgage Loans
0.1	2.2	0.8	2.1	1.2	1.2	0.1	Other Non-First Mortgage Loans
$185.3	$139.6	$107.2	$119.8	$ 49.9	$ 56.3	$ 56.6	**TOTAL LOANS ORIGINATED**
							FIRST MORTGAGES SERVICED
$657.7	$606.8	$496.9	$462.8	$344.5	$280.1	$250.3	1–4 Unit Residential
206.8	180.6	155.2	162.2	124.7	101.3	88.2	FHA
134.8	143.7	128.0	140.5	109.7	95.5	93.1	VA
316.1	282.6	213.7	160.1	110.1	83.3	69.0	Conventional
68.5	65.6	45.2	50.1	45.0	30.0	26.7	Multiunit
33.9	23.0	22.3	20.1	20.5	12.5	10.9	FHA
34.7	42.6	22.9	30.0	24.5	17.5	15.8	Conventional
97.0	81.5	62.7	61.5	60.4	51.7	43.0	Nonresidential
							Type of Investor
$ 94.2	$ 90.7	$ 68.5	$ 75.4	$ 73.8	$ 64.2	$ 56.4	Life Insurance Companies
29.6	28.1	24.5	25.0	25.0	21.3	18.9	Mutual Savings Banks
57.6	72.2	55.3	50.0	38.8	30.0	30.3	Savings & Loan Associations
59.7	83.3	76.2	64.6	47.6	40.0	28.7	Commercial Banks[3]
110.7	88.3	84.7	82.9	63.5	59.8	59.0	FNMA
257.7	235.2	194.1	204.3	143.4	109.7	97.1	GNMA[4]
27.7	29.8	23.1	18.0	14.2	11.9	9.0	State Finance Agencies
151.2	69.6	55.1	35.4	31.6	19.0	13.1	Others
34.9	56.8	23.4	18.7	11.9	5.7	7.5	Serviced Own Acct.
25.4	21.5	17.5	14.5	9.9	4.6	5.1	With Investor Comm.
9.5	35.3	5.9	4.2	2.0	1.1	2.4	Without Investor Comm.
$823.1	$753.9	$604.9	$574.3	$449.9	$361.5	$320.0	**TOTAL FIRST MORTGAGES SERVICED**
							NON-FIRST MORTGAGES SERVICED
$ 5.7	$ 9.5	$ 10.6	$ 14.7	$ 8.3	$ 8.9	$ 6.8	Construction Loans
0.6	0.8	0.8	1.3	0.8	1.2	1.1	Land Development Loans
5.5	5.3	2.4	2.6	2.5	1.0	0.7	Second Mortgage Loans
0.2	0.0	12.9	13.4	0.2	3.6	0.1	Mobile Home Loans
0.3	13.3	0.3	1.1	6.8	2.2	0.6	Other Non-First Mortgage Loans
823	756	767	695	730	758	779	Total Number of Firms

NOTES AND FOOTNOTES

Volume of Loans Closed applies to the calendar year ending December 31, 1986. Due to rounding, parts may not add to totals.

1. Loans closed for each purchasing investor includes both actual deliveries to those investors and mortgages held in inventory with purchase commitments from that investor. The category "Committed Inventory" means loans held in inventory with a purchase commitment from an investor whose type was not specified in the survey response.
2. Includes Savings & Loan Associations and Mutual Savings Banks.
3. Includes Trusteed Funds.
4. Includes GNMA Mortgage Pools and GNMA.
5. Prior to 1981 includes GNMA.

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